

The veteran broadcaster leads off a
Weekend FT special issue on
America by considering the fate of
the Union — and is frightened by
what he seesPage 1

From Wall Street to Chinatown, from the glitz of Dallas to the
back streets of Washington, from fine art and opera to the Wild
West, FT writers take the pulse of the US.
Nicholas Woodworth travels across the country from the banks
of the Mississippi (left) to the mists of the Pacific coast.
Christian Tyler talks to Miss Manners about the importance of
etiquette in murder city.

FINANCIAL TIMES



Weekend October 5/October 6 1991

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WORLD NEWS

Kaifu to stand down as Japanese premier

Japanese prime minister Toshiki Kaifu said he would not seek re-election when his term of office expires at the end of the month.
The move follows a battle of wills with senior leaders of Mr Kaifu's Liberal Democratic party over several political reform bills he recently introduced and creates great uncertainty about who will become the next prime minister. Page 24; Current account, Page 4

Iraqi arms directive

UN officials arrived in Baghdad to present Iraq with plans for immediate destruction and future monitoring of its nuclear weapons facilities. Page 4; Baghdad's bomb factories, Page 8

US freezes Haiti assets

President George Bush froze all the Haitian government's assets in the US following the overthrow by a military junta of the country's democratically elected president, Jean-Bertrand Aristide. Page 3

Swedish economic plan

Carl Bildt, Sweden's new prime minister, unveiled a programme of radical economic and social reform aimed at reviving the economy and preparing for membership of the European Community by the end of 1994. Page 24; Growth plan, Page 2

Belgian government falls

The short-lived ninth government of Wilfried Martens, the Belgian prime minister, collapsed in acrimony as deep splits opened between French-speaking and Flemish partners in the country's centre-left coalition. Page 2

Travel restrictions lifted

The Soviet Union is to open all closed areas of the country and remove travel restrictions on foreigners. Page 3

AIDS total grows

About 1.5m people, a third of them children, have developed full-blown AIDS, the World Health Organisation said. Between 30m and 40m people will have been infected with the HIV virus by the year 2000.

Peace worker shot

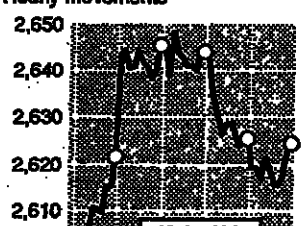
Protestant extremist members of the outlawed Ulster Freedom Fighters admitted they shot and seriously wounded a leading trade union official working to stamp out sectarianism in Northern Ireland.

BUSINESS SUMMARY

Bush calls for tax cuts to restore US economy

US president George Bush called for a cut in capital gains tax and looser bank regulation to restore confidence in the US economy. He said that jobless figures showing a dip in the September rate confirmed that the economy was moving in the right direction.
Mr Bush also backed the "growth package" proposed by Senate Republicans. Page 3

UK EQUITIES: the stock market finished the week, and the first leg of the two week equity trading account, in subdued mood. After initially weakening, the FT-SE 100 steadied.



to close 1.0 lower at 2,624.6 in a lethargic session. Page 15; Markets, Wtd, II

JAPAN: the current account surplus in August rose by 6.5 times year on year to \$5.4bn (\$2.1bn), while the inflow of long-term capital continued to rise. The trade surplus doubled to \$2.8bn as exports rose by a sharp 10.3 per cent to \$34.2bn, while imports fell 10.8 per cent to \$31.9bn. Page 4

SWITZERLAND: parliament passed legislation which will allow greater foreign ownership of Swiss companies. The new law, to take effect in mid-1992, brings company reporting rules more into line with European Community practice.

SOUTH KOREA agreed to end discrimination between the US and the European Community over intellectual property rights. Detailed conditions have been drawn up for protection of patents in the sensitive areas of pharmaceutical and agrochemical products. Page 2

UNIPART, UK motor parts and accessories group, is to end recognition of trade unions for its 4,000 workforce as part of a wholesale introduction of Japanese-style work practices. Page 6; TUC aims to repair relations with Japan, Page 6; Lex, Page 24

UK: the Channel tunnel will offer an incomplete service to freight traffic when it opens because of safety-related design changes. The delay could cut revenues by more than £100m during the first six months. Page 24; Winter of discontent forecast, Page 7

RACAL ELECTRONICS, UK data communications and security group, dismissed the £71m hostile takeover bid from Williams Holdings as "inadequate and opportunistic". Page 10; Lex, Page 24

AMERICAN EXPRESS, US financial services group, said it expected further loan loss provisions in the fourth quarter, largely because of problems at its Optima consumer credit card subsidiary. Page 12

MAXWELL Communication Corporation deputy chairman Jean-Pierre Anselmi has decided to resign. Page 10

Sir Graham Day confirms commitment as chairman in move to stabilise group

GEC does not plan hostile BAe bid

By Charles Leadbeater and Robert Peston

THE General Electric Company does not plan to launch a hostile takeover bid for British Aerospace or make any formal approach to its fellow UK company over a possible tie up.
It also emerged yesterday that GEC is unlikely even to take advantage of BAe's depressed share price to build up a stake in the group ending a week of intense speculation over the future of the ailing defence and engineering conglomerate.
Meanwhile, BAe's new chairman Sir Graham Day said he intends to remain for at least six months and possibly much longer.

In his first interview since replacing Sir Roland Smith he said: "I would be surprised if I was replaced within six months. I am here for as long as it takes".
The confirmation that GEC does not plan any hostile move towards BAe, combined with Sir Graham's disclosure of his commitment to his job as interim chairman, should provide BAe with a measure of stability after a week in which it has been swept by speculation that it was about to face a takeover bid.
The rumours about BAe's future were fuelled after indications that GEC was considering taking a stake in BAe to ward off foreign bidders. At least three leading City figures have been involved in attempts to assemble a consortium of European defence and aerospace groups to launch a break-up bid for BAe.
With those plans running into the sand it is unlikely GEC will make any move towards BAe unless a significant number of shareholders signal they do not support the group's strategy and management, triggering a further crisis of confidence.
The first clear indication of shareholder sentiment towards BAe will emerge at its extraordinary general meeting on Monday called to approve

plans for a £432m rights issue. Sir Graham refused to comment on BAe's vulnerability to a takeover. However, one of his advisers said Sir Graham was not expecting to receive a formal takeover approach — either from GEC or from any continental defence companies.
Sir Graham said it was conceivable that he would still be in the chair in May 1993, when he will be 60 and has vowed to end full time-work. This will go some way to addressing criticism from some shareholders who were worried that Sir Graham's commitment to the job was too limited.
He said the board was yet to appoint headhunters to draw up a list of possible candidates to become chairman. Nor had he "developed the specifications for the job".
Sir Graham, insisting that neither the company's management nor strategy was in need of radical review, argued the upheavals at the company would not damage the prospects for receiving future business from Saudi Arabia.
The Saudi Arabian Al Yamamah programme, which has contributed revenues to the group in excess of \$3.8bn since the mid 1980s, is central to the companies' finances. Sir Graham, eating takeaway sandwiches from a coffee table said: "Don't think we're a bunch of wallies. We have kept all our customers informed of developments".
Sir Graham is convinced that the company will have a viable future in its current form, once it has received the proceeds of the rights issue. Although some shareholders want BAe to demerge its activities, Sir Graham said there were no plans to spin off demerge any of the operations, which include defence interests, Rover cars, civil aviation and property.

Serbia recognises Croatia's right to independence

By David Gardner in The Hague and Reuter in Zagreb

THE EUROPEAN Community yesterday persuaded the Serbian president to recognise Croatia's right to independence. In exchange, minority Serbs inside the breakaway Yugoslav republic would be offered self-government.
All sides involved in Yugoslavia's civil war regarded the move as a major political breakthrough. Mr Slobodan Milosevic's de facto renunciation of the goal of annexing swathes of Serb-populated Croatia into a Greater Serbia could lay the political foundation for settlement of the five-month conflict.
Mr Franjo Tudjman, president of secessionist Croatia, hailed the agreement at the EC-sponsored peace conference in The Hague as "a breakthrough for our position".
Mr Milosevic said: "I am much more optimistic than before. One very important step forward is that the autonomous provinces of Krajina and Slavonia... will have the opportunity to express their will freely".
Leaders from these Serb minority areas in Croatia — scene of some of the fiercest fighting — are on Tuesday due to attend the peace conference for the first time to set out their demands and seek international safeguards.
In an attempt to wind down fighting, the Croatian leadership undertook the immediate lifting of its siege of Yugoslav federal army barracks across Croatia. The army inside Croatia is to regroup into two or three areas under the supervision of EC monitors, and will cease all military operations against Croat forces.
After his meeting with Lord Carrington, former UK foreign secretary and peace conference chairman, General Veljko Kadijevic, Yugoslav defence minister, insisted that his writ would be obeyed. "I am quite sure that [our] soldiers will carry out all orders and the same applies to the general command," he said.
The accord produced no immediate cessation of hostilities within the country. Serbian leaders and the Yugoslav federal army ordered a partial mobilisation under special powers adopted on Thursday. Continued on Page 24



Prime minister John Major greets the Emir of Kuwait who visited Downing Street to thank the UK for its role in the Gulf War

Latest poll keeps pressure on Major

By Ralph Atkins and Alison Smith

PRESSURE MOUNTED on Mr John Major yesterday to put his stamp on a successful Conservative party conference next week as Mr Neil Kinnock, the Labour leader, declared that Labour had earned the trust of the British people and celebrated a two-point opinion poll lead for his party.
The Gallup survey, in today's Daily Telegraph, shows Labour on 41% per cent, to the Tories' 39% per cent. The previous month's poll in the same series showed the Tories with a 4% point lead over Labour.
Fieldwork for the poll was carried out at the end of the week, after Mr Kinnock's speech to conference on Tuesday received a rapturous reception. The results show the success that Mr Kinnock and his colleagues achieved.
The Gallup 9000 poll, however, which tracks opinion over a longer period, still shows the Tories with a lead, on 40.3 per cent, while Labour is on 36.5.
Even before the boost from

Final day at Brighton...Page 7
Major back on the offensive...Page 9

the Gallup survey, Mr Kinnock predicted that "Victory is more than within our grasp." At the finale of the last Labour conference before the election, he cast the results of the party's far-reaching policy review as the culmination of his eight-year leadership and said Labour, not the Conservatives, represented the best of British patriotism. As the public relations razzmatazz continued, Mr Kinnock focused on his desire to strengthen the National Health Service to combat poverty and unemployment, and to help small businesses.
"This conference will be shown to be a turning point for our party," he said.
Meanwhile it emerged that Mr John Major has ruled out a reshuffle of his cabinet ministers this autumn, largely Continued on Page 24

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MARKETS

STERLING	DOLLAR	STOCK INDICES
New York lunchtime: \$1.733	New York lunchtime: DM1.885	FT-SE 100: 2,624.6 (-1.0)
London: \$1.733 (1.7505)	FF5.7395	FT Ordinary: 2,018.7 (-0.5)
DM2.9175 (2.915)	SP1.474	FT-A All-Share: 1,268.15 (-0.1%)
FF4.835 (4.83)	Y130.35	New York lunchtime: DJ Ind. Av. 2,984.79 (same)
Y228.25 (228.7)	London: DM1.8775 (1.885)	Tokyo close: Y130.2
S index 90.9 (91.1)	FF5.7125 (5.6725)	US LUNCHTIME RATES
	SP1.487 (1.4925)	Fed Funds: 5.5 (5.5)
	Y129.95 (130.7)	3-mo Treasury Bill: 5.158 (5.159)
	S index 94.2 (94.1)	Long Bond: 103.5 (103.4)
	Tokyo close: Y130.2	yield: 7.611 (7.855)
	US LUNCHTIME RATES	
	Fed Funds: 5.5 (5.5)	
	3-mo Treasury Bill: 5.158 (5.159)	
	Long Bond: 103.5 (103.4)	
	yield: 7.611 (7.855)	

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Indonesia: Rp100; Ireland: £0.70; Israel: NIS1.00; Italy: Lira1,000; Japan: ¥100; Jordan: Jd1.00; Korea: Won100; Kuwait: KD1.00; Lebanon: L£100;
Luxembourg: Lfr100; Malaysia: RM1.00; Malta: M£1.00; Mexico: Mx\$1.00; Netherlands: F100; New Zealand: NZ\$1.00; Norway: Nkr100; Oman: OMR1.00;
Pakistan: Rs100; Philippines: Pso100; Poland: Zl100; Portugal: Esc100; Qatar: QR100; Saudi Arabia: SR100; Singapore: S\$1.00; Spain: Ptas100; Sri Lanka: Rs100;
Sweden: SKr100; Switzerland: SF2.00; Taiwan: NT\$100; Thailand: Bht100; Turkey: TL100; UAE: Dir100; USA: \$1.00.

INTERNATIONAL NEWS

French finance minister resists growing Socialist pressure

Bérégovoy: 'No plans to quit'

By William Dawkins in Paris

MR Pierre Bérégovoy, the French finance minister, yesterday confirmed he had no plans to resign, despite growing pressure from senior members of the ruling Socialist party to relax his rigorous economic policies.

Mr Bérégovoy denied "in the strongest possible terms" that he was responding to the latest in a series of rumours about his future, fuelled by a new and growing split in the government over whether to ease its tight control of the budget deficit, in the hope of creating the conditions for more jobs.

An influential group led by Mr Lionel Jospin, education minister and number two in the government, is starting to

pin some of the blame for the Socialists' deepening unpopularity on Mr Bérégovoy's policies.

President François Mitterrand continues publicly to support his finance minister - seen as the author of a strong franc and low inflation - if only because the franc might collapse if he went.

The internal divisions came into the open last week, when Mr Jospin asked a party meeting "Shouldn't we today concentrate our efforts on fighting unemployment, just as much as we have known how to do against inflation?" Mr Bérégovoy was quoted by the newspaper *Liberation* yesterday as saying that he felt "a blow to friendship" when he heard the

Finance Ministry being blamed for unemployment.

The seriousness of the government's plight was underlined yesterday by an opinion poll giving a 51 per cent dissatisfaction rate for Mr Mitterrand, 6 points worse than last month, and 60 per cent dissatisfaction with Mrs Edith Cresson, the prime minister, three points less popular than last month.

The French jobless rate, at 9.4 per cent, is the second highest of the seven leading industrial nations, after Italy. It is accepted as a main issue - with immigration and agriculture - for the regional elections next March and the general elections in 1993.

Already there have been

signs of differences between Mr Bérégovoy and Mrs Cresson, over the finance minister's successful proposals for corporation tax cuts and over how to spend the proceeds of the programme of partial privatisations.

Mrs Cresson's worries about unemployment erupted unpredictably this week, when she demanded that chairmen of state-owned companies must clear job losses with her. She suggested that their pay should be cut if they laid off staff, an idea greeted with stunned silence by most state company chairmen, except for Mr Henri Martre, chairman of Aérospatiale, who joked that he deserved a pay rise because his workforce was growing.

Belgian government falls after five days

By Andrew Hill in Brussels

THE short-lived ninth government of Mr Wilfried Martens, the Belgian prime minister, yesterday collapsed in acrimony as deep splits opened up between French-speaking and Flemish partners in the country's centre-left coalition.

Mr Martens handed in his resignation to King Baudouin yesterday afternoon. It seems likely the king will ask him to form a caretaker administration - his 10th since 1979 - until the next general elections, which have to be held before January 18. Those elections may now be brought forward to mid-December.

Yesterday morning's stormy cabinet meeting was suspended after a typically

convoluted and fierce debate between French-speaking Walloon ministers and their Flemish counterparts in the four-party coalition. The francophone ministers had threatened to block a lucrative telecommunications contract, which would have benefited the Flemish region of Flanders, if the cabinet did not agree to give Wallonia the right to collect revenue from television licences. The French-speaking region needs the cash from TV licences to satisfy its teachers, poised to strike for increased salaries.

Mr Martens managed to broker a fragile compromise between Walloons and Flemings in the cabinet on Sunday, after a

similar tit-for-tat debate over arms contracts to the Middle East. In the process he lost one coalition partner - the Flemish Volksunie - and the two-thirds majority necessary to push through his planned constitutional reforms, which will devolve more power to the Belgian regions.

That compromise broke down yesterday after the Flemish telecommunications minister signed the telephone contract without cabinet approval. Political analysts believe the disintegration of the five-day-old government into the old language factions suggests it may prove difficult for Mr Martens to do more than limp to an early election date.



CAVACO SILVA SET FOR SECOND TERM IN PORTUGUESE POLL

PORTUGAL'S 8.2m voters are having a well-deserved day off today after three weeks of a noisy and hard-fought general election campaign, writes Patrick Blum in Lisbon. Tomorrow they will decide whether to give Mr Aníbal Cavaco Silva, the prime minister and Social Democrat leader - pictured above, shaking hands with supporters in Barreiro yesterday - a second four-year term of government, or opt instead for the Socialist alternative proposed by Mr Jorge Sampaio.

If the opinion polls are right Mr Cavaco Silva is set to win an overall majority of 44-49 per cent. The Socialists are expected to win between 33 and 38 per cent.

It would be a historic victory for Mr Cavaco Silva - the first time since the 1974 revolution and since the foundation of the republic 81 years ago that a democratically elected party has won two consecutive overall parliamentary majorities.

The campaign ended with big, enthusiastic rallies in Lisbon for the two main

contenders, the ruling right-of-centre Social Democratic party (PSD) and the moderate Socialist party (PS).

The PSD has presented itself as the guarantor of political stability and economic progress. It says it needs another clear majority to continue the work of modernising Portugal. The PS says it wants change with stability, an expanded democracy and a greater distribution of resources to improve conditions for the less well-off.

UK and Italy agree on defence

By David Buchan in Brussels and David White in London

BRITAIN and Italy yesterday found enough common ground on the future of European defence to issue a joint declaration on it to their 10 EC negotiating partners on political union.

The declaration is a compromise between two countries once thought to be at opposing ends of the spectrum of views on European defence, and improves the chance for political union agreement at the Maastricht summit in December.

Before then, however, Germany is expected to join France in another bilateral defence statement with less of a pro-Nato hue.

The Anglo-Italian declaration results from a personal initiative this spring by Mr Gianni De Michelis, Italy's foreign minister, which was

gladly taken up by Mr Douglas Hurd, the UK foreign secretary, who was on the look-out for allies for the UK in the political union debate. "Each had to put a little water in his wine," said an Italian official yesterday.

The declaration speaks of the need for "a stronger European defence identity with the longer-term perspective of a common defence policy compatible with the common defence policy we already have with all our allies in Nato".

London and Rome agree to develop European defence through Western European Union (WEU), which should at the same time become "the defence component of the [European] Union" - as Italy has urged - and "the means to strengthen the European pil-

lar" of Nato - as the UK has insisted.

Mr De Michelis' flamboyance hides a strong practical streak, and he had no difficulty in agreeing with Mr Hurd that WEU should move to Brussels, where its ministerial meetings should be closely co-ordinated with both the EC and Nato.

"This is a practical way of reconciling the European defence identity and a reformed Nato alliance," said a UK official yesterday.

Going beyond the generalities being discussed in the political union debate, the UK and Italy urge WEU to develop a rapid reaction force, capable of acting outside the Nato area. Any dovetailing of WEU and Nato roles is opposed by France, which believes WEU should be able to act inside Europe, not just outside it.

Prague law raises fears of witch hunt

By Ariane Genillard in Prague

THE Czechoslovak federal parliament yesterday passed a law making all current and future civil servants liable to screening for their activities under the former regime.

The law seeks to bar from public office anyone who was either a communist official or linked to the former secret police. There is widespread belief that the law, which will allow for a big purge in the public sector - will also be used by rival political parties during the electoral campaign, scheduled to start at the beginning of 1992.

Among organisations to be screened are all governmental structures as well as managers of companies in which the government has a 51 per cent stake. This would include, among others, the media, railways, telecommunications and the post office.

The original proposal put forward by the government sought to ensure that no civil servants "had participated in the suppression of human rights" from February 1948, when the Communists came to power, to the November 1989 revolution.

But many parliamentary deputies fought bitterly for three days to widen the range of accusations. Leading that campaign were deputies from the Civic Democratic party, the right-wing party led by finance minister Václav Klaus.

The expanded law now includes anyone whose name was simply registered in the files of the former secret police. Besides direct employees of the secret police 150,000 more people are estimated to have been collaborators. The law also targets former Communist party officials, from regional secretaries up.

Leaders of today's political parties will also be able to screen their own candidates. Deputies opposed to the law said it would lead to one of the nastiest electoral campaigns ever seen in eastern Europe.

"This law will simply open a witch-hunt," commented Mr Jan Kavan, a deputy. Mr Kavan was among 10 deputies accused last March of collaborating with the former secret police; he has fiercely denied such allegations.

Review commissions, comprising both government officials and parliamentarians, are to be set up to consult the secret police files.

Norwegian budget leans on oil revenues

By Karen Fosell in Oslo

NORWAY'S ruling minority Labour party yesterday unveiled an expansionary budget for 1992 which heavily increases dependency on petroleum revenue to fund measures designed to boost employment and stimulate domestic demand.

The non-oil budget deficit is a record Nkr65bn (\$5.7bn) up from an estimated Nkr56.7bn for 1991. Including petroleum revenue the new budget deficit, before loan transactions, is estimated at Nkr24.2bn, up from the Nkr19.2bn forecast in May's 1991 revised budget.

The budget is based on an oil price of Nkr126 per barrel and an exchange rate of Nkr6.50 to Nkr7 to the dollar, to give an oil price of \$18 to \$19.40 per barrel.

Oil and gas exports are forecast to earn Nkr100bn in 1992, up from Nkr96.6bn in 1991. Petroleum represents about one-third of the value of Norway's total exports.

Overall spending next year will increase by Nkr10.7bn to Nkr344.8bn, to allow for job creation, investment in transport and education.

In September Norway's unemployment was 4.6 per cent of the workforce, considered unusually high by domestic standards.

The budget projects a dip in the current account surplus to Nkr35bn in 1992 from Nkr37bn forecast for 1991.

But Mr Sigbjørn Johnsen, the finance minister, said that the country's dependence on oil was set to continue, and vigorously defended the expansionary budget and its reliance on petroleum revenue. "The oil (revenue) will help us create jobs and stimulate investment in the mainland economy," he said.

The budget forecasts gross domestic product up by 2.6 per cent in 1992, against 2.8 per cent this year. However growth in mainland GDP, which excludes North Sea petroleum and shipping, is forecast to surge to 2.6 per cent from 0.8 per cent in 1991.

Spymaster Wolf free to embarrass Bonn

By Quentin Peel in Bonn

MR Markus Wolf, the remarkably successful former East Germany spy master, was yesterday freed on bail by the German high court in Karlsruhe, providing further embarrassment for the German authorities.

The man who was simultaneously the most-wanted and least-desired fugitive in Germany since he fled to Moscow on the eve of unification one year ago, was released on bail of DM250,000 (\$85,900) and subject to severe restrictions on his movements.

The move is likely nonetheless to allow him to continue granting lucrative interviews to the German press - he has allegedly been charging up to DM150,000 - about his years of top-level penetration of the West German political and espionage establishment.

The Karlsruhe court rejected an appeal by the federal prosecutor that Mr Wolf should be kept in pre-trial detention, since he gave himself up at the Austrian border on September

24. It ruled that although he might not obey his bail restrictions under all circumstances, he was unlikely to flee Germany again because other countries were unlikely to take him in.

The fact that Mr Wolf is now out of detention, while four former East German soldiers are on trial for shooting a refugee at the Berlin Wall, is likely to revive the accusation that the German authorities are happy to charge the mental operatives of the East German state but are dragging their feet in bringing the top decision-makers to justice.

However, legal and political circles are divided about the justice of charging East German citizens with crimes under West German law, such as espionage, making it retrospectively effective.

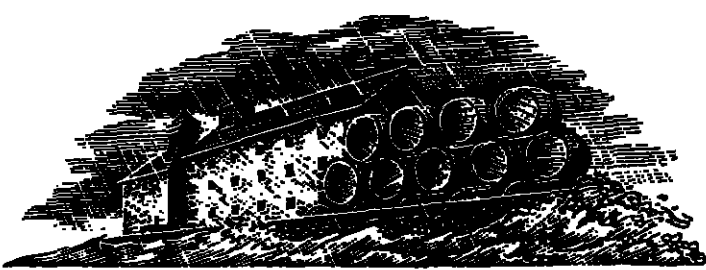
President Richard von Weizsäcker, the state president, yesterday visited three homes for foreign refugees near Cologne to underline his disgust at a rash of recent racist attacks.

The traditional German trade surplus, wiped out earlier this year by the surge in imports for the growing once more according to the Federal Statistics Office.

The trade balance in August showed a surplus of DM3.1bn, up from DM200m in July, after a 17 per cent drop in imports.

Industrial production in the former West Germany fell by 1.2 per cent in August, after a fall of 1.4 per cent in July, the Economics Ministry said.

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Seoul settles intellectual property dispute

By Andrew Hill in Brussels and John Riddling in Seoul

SOUTH Korea has agreed to end discrimination between the US and the European Community over intellectual property rights, concluding a four-year dispute.

A delegation from South Korea agreed in principle - after meeting European Commission officials last week - that the EC would receive the same treatment as the US on

copyright and patent protection, the main bones of contention between Brussels and Seoul. A series of detailed consultations has been drawn up for the protection of patents in the sensitive areas of pharmaceutical and agrochemical products.

At the same time, the Commission is to ask EC governments to lift the suspension of benefits to South Korea under

the Generalised System of Preferences (GSP) as from January 1 1992. GSP benefits - preferential access to the EC market through zero or reduced tariffs on imports - were withdrawn in December 1987 after South Korea and the Community failed to agree on equal treatment for the EC and US.

There is still friction between the EC and South

Korea over the latter's system of alcohol taxation, which puts a higher duty on Scotch whisky than on comparable Korean and foreign liquor.

South Korea's exports to the EC rose by some 40 per cent to \$2.38bn (£1.36bn), compared with imports from the EC of just under \$2bn, down on the first quarter of last year.

Bildt lays out Swedish growth plan

By Robert Taylor in Stockholm

MR Carl Bildt, Sweden's new prime minister, aims to restore Sweden's growth rate to "at least the same level as comparable European countries" by 1995.

Negative growth of 0.6 per cent is expected this year, with around real growth of 1.0 per cent in 1992, compared with real growth of between 2 and 3 per cent for smaller European nations in both years.

Outlining the programme of his centre-right four-party coalition government, he said renewed growth would be achieved through a comprehensive package of measures to encourage private enterprise, involving deregulation, the privatisation of many of

Sweden's state industries and an increase in public spending on infrastructure projects, as well as education and research to reverse industrial decline.

Mr Bildt also promised to end centralised pay bargaining. Government incomes policy and intervention in wage negotiations "must be rejected", he said. Instead, employers and unions will have to bargain in the light of market forces to promote productivity, competitiveness and increased employment.

Mr Bildt promised "a renaissance for small businesses and the establishment of new enterprises" which must be "the spearhead of the economy". He said foreign investors

would be attracted to Sweden by the abolition of most of the restrictive laws that prevent outsiders acquiring companies, shares and property.

The programme will this autumn involve:

- abolition of the 1.5-3 per cent tax on working capital;
- abolition of the 0.5 per cent turnover tax on share transactions;
- end of the employers' payroll tax on profit sharing schemes;
- reduction in the inheritance tax;
- Tax incentives for high technology and innovative companies;
- a reduction in social insurance charges in north Sweden.

The new government is also committed to cut Sweden's tax level, which at 57 per cent of gross domestic product is the highest in the world. Measures will be taken to prevent any increase in the 30 per cent local government tax. A general reduction in 30 per cent capital tax is promised.

"Sweden cannot impose taxes which cause business and savings to move to other countries," Mr Bildt said.

The government hopes to save SKr10bn (£930m) to SKr15bn in the 1992 budget through cuts in public expenditure. It will stick to a tight fiscal policy and refuse to borrow abroad to finance the budget deficit.

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INTERNATIONAL NEWS

Bush calls for tax cuts to restore confidence

By George Graham in Washington

PRESIDENT George Bush yesterday called for a cut in capital gains tax and lower bank regulation in an attempt to restore confidence in the US economy.

Mr Bush said unemployment statistics published yesterday, showing a slight drop in the September jobless rate to 6.7 per cent, confirmed that the economy was moving in the right direction, but added: "All is not well."

He repeated his opposition to legislation passed by the Democratic opposition in Congress to extend unemployment benefits, but said he would sign a more limited extension put forward by the Republican congressional minority.

Mr Bush also threw his weight behind the "growth package" proposed by Senate Republicans, which would involve a reduction in the rate of capital gains tax, changes to pension plan rules intended to increase savings, and tax deductions for research and development.

"These are things which would help stimulate the economy and I don't know why people are tone deaf in Congress on this," he said.

President Bush said the administration's efforts to curb

the "regulatory excess" which is deterring some banks from lending had "not corrected the problem".

The administration has been pressing the Federal Reserve to reduce interest rates still further and to relax some bank prudential rules in order to ease the "credit crunch" which it believes is hampering the recovery.

While Mr Bush hailed the slight drop in unemployment in September as a sign that the economy was strengthening, the Bureau of Labor Statistics said yesterday that unemployment and employment data had in fact changed little in September.

Mr James Norwood, commissioner of the Bureau of Labor Statistics, said the September figures appeared to reflect seasonal factors rather than a meaningful turnaround. Any sustained signs of a rebound in the labour market were yet to be seen.

The number of people out of work, based on a survey of around 60,000 households, fell slightly to 8.4m, bringing down the US unemployment rate to 6.7 per cent after two months of stability at 6.8 per cent.

But employment, based on payroll data from companies,

showed only a weak improvement to 108.96m. The creation of some 61,000 jobs in the service sector offset a decline of about 37,000 jobs in manufacturing, construction and mining industries.

The unemployment rate of 6.7 per cent in September stood 1.2 percentage points higher than at the onset of the US recession in July 1990. The number of people out of work for 15 weeks or more has increased during that period by more than half to 2.4m, and the average duration of unemployment has lengthened to 14 weeks from 11.4 weeks.

Private-sector economists warned that job creation remained feeble in comparison with the 150,000 jobs created each month at a similar stage of previous recoveries.

A 1.2 per cent jump in Canada's composite leading indicator, the largest rise since 1983, eased recent fears that the recovery could falter and the country slip back into a "double-dip" recession, economists said, Reuters reports from Ottawa.

However, the recovery is expected to remain modest, muted by slow growth in US demand for Canadian goods and recent strikes.



TARABUNGA: Scarlett's runaway success in the US has turned the Ninja Turtles green

Americans gripped by Scarlett fever

By Alan Friedman in New York

NEVER mind those Teenage Mutant Ninja Turtles. American pop culture has a new and equally spectacular offering.

The printing presses at Warner Books in New York are working as fast as the Russian mint, cranking out 50,000 copies a day of Scarlett, the Barbara Cartland-like sequel to Margaret Mitchell's 1936 classic *Gone With the Wind*.

The runaway success of Scarlett - panned by the New York Times as a "featureless act of cultural cannibalism" - may have left American intellectuals holding

their noses, but in commercial terms one cannot argue with a book that has sold 500,000 copies in less than seven days.

Mr Larry Kirshbaum, president of Warner Books, says the print run will reach 1.25m copies by Monday, with a virtually guaranteed slot as the No. 1 best-seller in the US.

Booksellers across America report furious consumer demand for the 822-page potboiler, which was penned by Alexandra Ripley, a little known Southern writer of historical romances who had to

satisfy the heirs to *Miss Mitchell* by promising not to write about any graphic sex.

Ms Ripley has said she feels so "giddy" with her success that she plans not to read any negative reviews.

The giddy feeling may stem from the pots of money Ms Ripley stands to make as she shares with the Mitchell estate a \$4.9m (\$2.8m) US advance, a further \$5m from European publishers plus the inevitable film or television mini-series now under discussion and a big advance for her next novel.

US backs Haiti president

By Lionel Barber, US Editor, in Washington

PRESIDENT George Bush yesterday assured President Jean-Bertrand Aristide of Haiti that he is committed to the restoration of his democratically elected government.

But Mr Bush played down the possible use of a multilateral force, and US policy appears geared to using diplomatic and economic pressure to persuade the new junta in Haiti to step aside.

A diplomatic mission from the Organisation of American States (OAS), including Mr Bernard Aronson, assistant secretary of state for inter-American affairs, was heading for Haiti yesterday.

The diplomat's message is that the US and other countries of the western hemisphere will not recognise the junta's legitimacy, and that it is prepared to consider sending a multinational military force.

Mr Bush secured a commitment from President Aristide, Haiti's first popularly elected leader, to improve his government's human rights record as part of the price of US support against the junta.

Mr Bush told a White House news conference he was "very hopeful" that democracy could be restored in Haiti.

Soviet Union to lift travel curbs

By Neil Buckley in Moscow

THE Soviet Union is to open all formerly closed areas of the country and remove travel restrictions on foreigners, Mr Vladimir Petrovsky, first deputy foreign minister, announced yesterday.

The move will bring the USSR into line with the requirements of a programme agreed by 38 nations at yesterday's close of the Conference on Security and Co-operation in Europe. The conference has been meeting in Moscow for the first time.

Mr Petrovsky said the Soviet Union would take steps to ensure freedom of travel throughout the country, except in generally accepted areas of sensitivity such as military bases.

After the adoption of the programme, Mr Max Kempelman, head of the US delegation to the conference, said he felt the CSCE was more likely in future to be concerned with nationalities problems in eastern Europe than with human rights abuses and political oppression.

Mr Kempelman stressed that although the programme referred to the right of all peoples to self-determination, this did not give nations an automatic right to secession from controlling countries.

The 38-nation conference agreed a programme for the protection of human rights in member countries that specifically discounts the notion that criticism of a state's human rights record is "interference in internal affairs".

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INTERNATIONAL NEWS

Golan plan for Soviet Jewish settlement

Israel determined to stick by hard line ahead of talks

By Hugh Carnegie in Jerusalem

ISRAELI settlers in the occupied Golan Heights, a strategic plateau captured from Syria in 1967, said yesterday they planned to convert an army post in the area into a settlement for Soviet Jewish immigrants in two weeks' time.

At the same time, Mr Yitzhak Shamir, Israeli Prime Minister, was quoted as telling the settlers there was "not a shadow of a doubt" that the Golan would remain under Israeli control. Regaining the Heights, along with Israeli withdrawal from other occupied lands, is Syria's chief demand from the Middle East peace negotiations the US is close to bringing about.

The statements, along with newspaper reports of plans by Mr Ariel Sharon's Housing Ministry for extended Jewish settlement of Arab east Jerusa-



Shamir: 'no shadow of doubt'

lem, are further evidence that the government is determined not to budge from its hardline positions in advance of peace talks. If anything, it is attempting to bluff the Arab side into

boycotting the peace conference, over the issue of its refusal to freeze settlement activity.

The plan to put Soviet immigrants in the new Golan settlement is especially sensitive, as both the US and Arab countries have demanded that Soviet newcomers should not be settled in the occupied territories.

Israel has annexed the Golan Heights, however, and does not count it or annexed east Jerusalem as being covered by assurances it has previously given on the issue.

Leaders of the existing 11,000-strong Golan settlers said the new settlement was part of a \$200m (\$114.9m) five-year plan to expand their numbers to 40,000. "Mr Shamir promised us the Golan Heights are part of Israel. There is no question of that," they said.

UN team wants Iraq to destroy arms at once

By Our Middle East Staff

UN officials arrived in Baghdad yesterday to present Iraq with plans for immediate destruction and future monitoring of its nuclear weapons facilities.

Mr John Major, UK prime minister, yesterday assured Sheikh Jaber al-Sabah of Kuwait that Britain was determined not to allow Iraq to rebuild its nuclear or chemical weapons capability. Mr Major "reaffirmed our determination to ensure that Iraq would not be able to regenerate its nuclear, biological or chemical weapons capabilities," a spokesman said. Mr Major told the UN Security Council that the UN would remain a pariah state while Saddam Hussein stayed president.

Mr Rold Kheus, chairman of the UN Special Commission to Iraq, said he was seeking an Iraqi admission it had been working on a nuclear weapons programme, a conclusion the team said it had reached beyond reasonable doubt.

Mr Robert Gallucci, deputy head of the commission, said in Baghdad yesterday: "We have turned the corner, we have the smoking gun, unambiguous evidence of a nuclear weapons programme." Iraq says its nuclear research has peaceful intent.

Nuclear curbs, Page 8



FROZEN WASTE: A Greenpeace activist examines the garbage dump at the US scientific base in Antarctica. Greenpeace is seeking an end to environmental damage on the continent, towards its goal of creating a World Park Antarctica.

Japan's current account surplus surges to \$5.4bn

By Emiko Terazono in Tokyo

JAPAN'S current account surplus in August rose by 6.5 times year-on-year, while the inflow of long-term capital continued to rise, the Ministry of Finance said yesterday.

The current account surplus surged to \$5.4bn (\$2.1bn) from \$830m last August. The trade surplus doubled to \$8.2bn from \$4bn, as exports rose by a sharp 10.3 per cent to \$24.2bn, while imports fell 10.8 per cent to \$15.9bn.

The recent rise in the trade balance has become an increasing embarrassment for the Japanese government, and has raised concerns of further friction with Japan's trading partners.

The balance of payments figures showed that Japan continued to be a net importer of capital, as the long-term capital account rose significantly to \$1.1bn from a deficit of \$4.8bn a year ago. The figure also increased sharply from the previous month's \$3.9bn. As a result, Japan's long-term capital for the first eight months of the year was in the black for the first time since 1986, with a net surplus of \$19.5bn.

Japanese funds for international investment fell to \$10.3bn a year ago, Japanese capital exports, which hit a peak in 1987, has been on a downward trend due to companies repatriating capital to cover recent losses in the domestic market.

Inward investment rose to \$17.8bn from \$5.4bn, as foreigners increased investments in Japanese securities. Foreign purchases of Japanese stock rose to \$4.4bn from \$1.5bn in July, with foreigners buying \$4.3bn-worth of Japanese bonds, up from \$1.9bn. The basic balance, (current balance minus long-term capital account), registered a surplus of \$17.3bn, compared to the previous year's deficit of \$4.0bn.

Mideast peace conference soon

MR Roland Dumas, French foreign minister, yesterday said the proposed Mideast peace conference would open in Europe at the end of this month, amid other signs it may convene on October 30, possibly in Lausanne, Our Middle East Staff reports.

Mr Dumas said invitations signed by the conference's two co-sponsors, the US and the Soviet Union, would be sent by mid-October, on schedule for a meeting at the month's end.

A likely October 30 start was further underlined by remarks by Egypt's President Hosni

Mubarak, quoted in Egyptian newspapers as saying the meeting would open at month-end. Palestinian officials were quoted as saying it would open on October 21 or 30. Mideast Mirror yesterday quoted an Israeli journalist as saying Lausanne was a likely venue.

Mobutu meets rival for crisis talks

ZAIRE'S President Mobutu Sese Seko yesterday met Mr Etienne Tshisekedi, his prime minister-designate and long-time rival, to try to agree on a crisis government and end political violence that has killed at least 117 people, Reuters reports from Kinshasa.

The meeting came after Mr Tshisekedi had dubbed the president a "human monster". It coincided with announcements by Belgium, the former colonial power, and France, that they were reducing their troops in the country. The troops were sent in last week to protect foreign nationals. Belgium is reducing its forces from about 1,000 to 850. France said it was withdrawing a further company of troops now that most of the thousands of foreign nationals had been evacuated, leaving 400 soldiers.

Mr Tshisekedi, 58, has appealed for the troops to stay. But western diplomats said they had not yet received an official request to this effect. Moderate Zairean politicians

and the diplomatic community have been putting pressure on Mr Tshisekedi and Mr Mobutu, 60, to patch up their differences. "Moderates have convinced Mr Tshisekedi that maybe it is time for him to talk with the president," one diplomat said.

Political observers fear a fresh outbreak of violence if the two cannot agree within the next few days on a crisis government to lead to elections. The national radio has broadcast news of a string of looting and violence, including an attack on Thursday night in which a civil guard member started firing wildly in a residential district.

Mr Tshisekedi has been holding talks with many of the smaller opposition parties, with a view to selecting his cabinet members. Some officials said he planned to give only minor cabinet posts to Mr Mobutu's MPR party, but is being urged to give it more substantial powers, to avoid confrontation.

Six consortia in running for HK airport platform

By Angus Foster in Hong Kong

HONG KONG has pre-qualified six consortia to tender for the HK\$9.3bn (\$688m) contract to build the platform for the colony's new airport, one of the largest civil engineering projects in Asia.

European and Japanese companies are heavily represented in the consortia, while five have brought in Chinese partners. Tenders are due in February and work is set to start in May.

The contract calls for the dredging and reclamation of a 1,250 hectare site for the new airport at Chep Lap Kok, a small island which will be flattened to provide part of the platform. Although the engineering required to complete the project is relatively straightforward, the size and speed of the reclamation is daunting. With the new airport's first runway due to open in 1997, the platform is to be

Work will require moving 250 tonnes of material every minute, 20 hours a day, every day for two years.

completed in two years. This will require moving 250 tonnes of material every minute, 20 hours a day, every day for two years.

The consortia are an Anglo-Japanese grouping including Costain, Trafalgar House and Nishimatsu; a Dutch-Japanese consortium linking Kumaishi, Gumi and HAM; a Japanese grouping with Imipredo of Italy, Bouygues of France and John Mowlem of the UK; an international consortium including Balfour Beatty and Hochtief; a Japanese-Japanese consortium and an all-Japanese consortium.

Israelis to abide by missile rules

ISRAEL has agreed to abide by the Missile Technology Control Regime (MTCR), a system introduced in 1987 to control the spread of western missile know-how and hardware, which the US sees as an important element in slowing build-up of advanced arms technology in the Middle East, Hugh Carnegie reports from Jerusalem.

The Israeli defence ministry said Israel had decided "to adopt the rules of the MTCR" and was working on completing the "necessary regulations" for its military industry. Israeli newspaper reports said the government had speeded action on the MTCR under

pressure from Washington, which had otherwise threatened to disrupt lucrative Israeli military deals in the US.

The US has been concerned over Israeli arms dealing with countries such as South Africa and South American nations, partly because it feared leakage of sensitive US technology, to which Israel has access through military trade.

Israeli officials denied pressure. They said Israeli adherence to the MTCR and its extension through the Middle East was in Israel's favour. Israel has its own well-developed missile capability; this lead over its Arab foes would be frozen if MTCR strictures

Kill Americans, says ayatollah

A SENIOR Iranian cleric urged Moslems yesterday to kill Americans and attack US interests throughout the world, according to Iran, the Iranian news agency, Reuters reports from Moscow.

Ayatollah Abolkarim Mousavi Ardebili accused the US of bringing turmoil to the region and said Moslems had a duty to retaliate and deprive it of security, Tehran Radio said.

"We are not able to engage in a classic war with them but we can at least do this. Whoever is killed in this path is certainly a martyr," Iran quoted him as telling Friday prayer worshippers at Tehran University.

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Take Monday. As well as the Architecture feature and our weekly in depth interview with a leading personality from the world of business, politics or the arts, Monday is Diary Day, when we take a look at what the business, parliamentary and financial week has in store.

The first of the FT's Law Reports is on Tuesday together with a feature on Small Businesses, and the daily Management and Technology pages.

On Wednesday, you'll find top management positions on offer, both financial and non-financial. We also take our weekly look at Business and the Environment.

In Thursday's FT, we focus on, among other things, Marketing and Advertising, Accountancy and the law as it affects business. On Friday it's the turn of Industrial and Commercial Property.

There's a great deal more than you may think in the pink pages. Pick up a copy of Monday's FT and find out.

No FT... no comment.

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to say, however, probably doesn't bear repeating.

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FT3

SIB to study setting up of super-regulator

By Richard Waters

Rockwell plant move will cost 500 jobs

By Andrew Baxter

He added that "when the upturn comes, Peterborough is still a fantastic location". Rockwell sells a wide range of web offset presses and other press equipment under the Goss, Baker Perkins and Mantscho names.

London has benefited from being responsive to the needs of financial markets, rather than imposing a rigid regulatory system from outside, he said.

Washington, D.C. (UPI)—Relief, hope and bafflement. Britain today records the first anniversary of its decision to join the exchange rate mechanism of the European Monetary System.

That is the view of Professor Patrick Minford, a monetarist economist at Liverpool University. "Entry into the mecha-

with some room: St Paul's Cathedral seen from Blackheath, now a protected view.

THE government yesterday announced measures to protect strategic areas around London of St Paul's Cathedral and the Palace of Westminster.

Mr Timothy Yeo, an environment minister, identified 10 views - eight of St Paul's, two of Westminster - which must not be obstructed.

"I attach great importance to the preservation of these well-loved views of St Paul's Cathedral and the Palace of Westminster," he said.

Mr Yeo said planning authorities would be required to include in their development plans, policies designed to prohibit obtrusive buildings from blocking the views. He also hoped they would include "some of the more local views of London's many famous buildings and perspectives".

The views to St Paul's Cathedral from Primrose Hill, Parliament Hill, Greenwich Park, Blackheath Point, Richmond Park (King Henry VIII's Mound) and Westminster Pier. Those to the Palace of Westminster are from Primrose Hill and Parliament Hill.

Sharing this opinion is Mr. Wilson, London's financial market reporter. Mr. Wilson invests

ERM was always expected to be on industry. By restricting the movement of sterling against other currencies, the

By Andrew Jack

The agriculture ministry

The meeting was scheduled before the TUC conference passed a motion condemning the "alien approach" of some Japanese companies to unions. Some unions said that the Japanese practice of requiring them to take part in "beauty

ne fight against inflation.
ness of UK exporters had
Lamont said, by the sharp
ports to the European Com-
mere up 12 per cent in value

the rest of Europe, on the grounds that the margin for currency changes is reduced. Shelbourne Reynolds, a Suf-

The Nikkeiren delegation, which is seeking information on overseas working practices, will travel to Germany and the US after leaving the UK. It met officials of the Confederation of British Industry yesterday.

Folk-based agricultural engineering company, has recently switched to quoting prices to continental European customers in their local currency, rather than sterling.

group. "We are now advising 10 companies in this area, which is significantly up on a year ago," he said.

WATERSTONES, the bookshop chain controlled by W.H.Smith, will discount 40 titles from next week as the price war with Mr Terry Maher's Dillons bookshops gets under way, **Raymond Snoddy** writes.

Most booksellers are opposed to moves that will undermine the NBA. They argue that a price war will lead to the public paying more overall for books, a narrower range of books being stocked and the disappearance of many independent bookshops. Another chain of bookshops is expected to join the price war later next week.

Nadir move on alleged contempt

The creditors - the Inland Revenue and eight banks - have launched a committal move for alleged breaches of an undertaking not to dispose of his assets, given in bankruptcy proceedings last November.

Police authority faces riots bill

THE NORTHUMBRIA Police Authority yesterday agreed that disturbances on Tyneside last month should be classed as riots, opening the way for compensation claims against it under the 1886 Riot (Damages) Act. The authority already faces a £2m bill for additional policing during the disorder.

Each claim will be dealt with on its merits, as the Riot Area designation does not mean automatic compensation.

Water pledge

EIGHT WATER companies have given the government a binding commitment that they will build 79 new treatment plants at a cost of £450m by the end of 1995. The action is to comply with the EC directive on levels of pesticides in drinking water. The eight companies are: Anglian, South Staffordshire, Bristol, Wessex, Suffolk, Cambridge, Mid-Kent and Thames.

Lloyd's move

LOYD'S OF LONDON is to appoint substitute agents to manage the run-off of syndicates managed by Gooda Walker after a decision by the agency directors last month to put it into liquidation because of heavy losses on its 1968 account. Management of Syndicate 1052 is being transferred to the RGB underwriting agency. Negotiations about the transfers of syndicates 295 and 990 are still in progress.

New homes begun

CSO index rises

Sary

The European dimension

makes the ERM appeal to many. Mrs Lila Bryan, an Iranian-born florist based in London who is thinking of moving to Spain, said: "It's an excellent idea for Europe to move together."

One group of people who may have seen a downside are foreign exchange dealers. The ERM has decreased the scope for speculating on future changes in sterling's value against other European currencies.

However, Mr Paul Winchester, of currency dealers CAL Futures, said the change had not been too onerous. "Even with sterling pegged in the ERM, there is still a lot of uncertainty in the world."

Despite the attention being paid to the ERM, the anniversary has passed by many people. Mrs Elizabeth Holsgrove, the owner of a London newspaper, said: "The ERM means

Additional reporting by Charles Batchelor, Michael

UK CAR REGISTRATIONS - JANUARY-SEPTEMBER 1991								
	September 1991			Sept '90	January-September 1991			Jan-Sept '90
	Volume	Change%	Share%		Volume	Change%	Share%	
Total market	126,906	-17.4	100.0	100.0	1,332,337	-21.8	100.0	100.0
UK produced	56,073	-18.1	44.2	44.6	586,640	-19.3	44.0	42.8
Imports	70,833	-16.8	55.8	55.4	745,697	-23.2	56.0	57.2
Japanese makes	14,531	-7.1	11.7	10.4	156,813	-21.7	11.8	11.8
Ford	37,780	-3.8	29.8	25.5	326,820	-24.3	24.7	25.6
- Ford	37,780	-3.8	29.8	25.5	323,767	-23.8	24.3	26.0
- Jaguar	520	-87.3	0.4	0.5	5,033	-52.8	0.4	0.8
General Motors	17,349	-23.3	13.7	16.7	215,987	-22.5	16.3	16.5
- Vauxhall	16,321	-33.0	12.9	15.9	207,269	-22.5	15.8	16.5
- Lotus	81	-94.7	0.1	0.1	888	+15.5	0.1	0.1
- Rover**	947	-16.1	0.8	0.7	7,742	-24.7	0.6	0.6
Peugeot†	14,788	-36.4	11.6	10.7	188,996	-21.6	14.2	14.1
- Peugeot	13,250	-25.0	10.3	11.3	139,612	-20.1	10.6	10.6
- Citroen	8,722	-35.8	6.9	8.8	95,941	-8.6	7.1	8.1
- Citroen	4,330	+13.5	3.4	2.5	44,571	-14.6	3.4	3.1
Volkswagen group	6,862	-20.3	5.5	5.5	91,614	-21.4	6.8	6.8
- Volkswagen	4,358	-23.4	3.4	3.7	65,597	-18.6	4.9	4.8
- Audi	956	-29.4	0.8	0.8	12,262	-30.4	0.9	1.0
- SEAT*	750	+11.4	0.6	0.4	6,636	-19.5	0.5	0.5
- Skoda*	831	-19.5	0.7	0.7	8,835	-22.4	0.6	0.6
Nissan	4,498	-26.2	3.5	3.9	58,048	-38.9	4.4	4.4
Renault††	4,782	+21.1	3.8	2.6	51,365	-11.8	3.4	3.6
Volvo‡	3,721	-20.4	2.9	3.0	39,945	-28.6	3.0	5.3
Flat group	1,710	+13.8	3.0	2.8	34,487	-37.3	2.6	3.2
- Fiat	3,303	-9.4	2.6	2.6	30,175	-46.6	2.3	2.9
- Lancia	66	-64.7	0.1	0.1	1,146	-51.5	0.1	0.1
- Alfa Romeo	342	-27.8	0.3	0.3	3,156	-8.6	0.2	0.2
- Toyota	2,115	-2.2	2.2	2.0	33,766	-5.3	2.5	2.1
BMW	2,869	-13.8	2.3	2.3	30,869	-14.6	2.3	2.1
Honda	3,535	+35.1	2.8	1.7	22,623	-1.1	1.7	1.4
Mercedes-Benz	1,541	-33.8	1.2	1.5	17,073	-25.8	1.3	1.4

*GM holds 50% of Seab Automobile and has management control. ** Included Range Rover/Discovery. Honda holds 20% of Rover.
†VW holds 31% of Skoda and has management control. ††Renault and Volvo are linked through cross shareholdings.
‡Source: Society of Motor Manufacturers and Traders

FINANCIAL TIMES

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Weekend October 5/October 6 1991

Thinking the unthinkable

NOT FOR the first time are consensus and monetarist views on the prospects for the world and UK economies diverging. If the consensus view – as exemplified by the International Monetary Fund – is right, then the world and UK economies are headed for a decent recovery. If the monetarists are correct, then both the world and UK economies are in serious trouble.

Leads of the forecasts in the IMF's latest World Economic Outlook report its view that the US economy will grow by 2½ per cent between this year and next. Meanwhile, growth in other leading industrial countries is expected to converge at around that level, whether from above (in the cases of Japan and Germany) or below (in the cases of France, Italy, the UK and Canada). The IMF's forecast for UK growth will be particularly gratifying to Mr Major, since it is for a relatively healthy 2.3 per cent. Perhaps his decision to postpone the election will work out after all.

The IMF forecasts are not particularly bullish. But they do imply a reasonably healthy recovery, with the prospect of stable non-inflationary growth thereafter. Since policy-makers of the group of seven industrial countries consider current exchange rates acceptable as well, the IMF view should make for a complacent G7 meeting in Bangkok next week.

The problem, not merely for the G7, is that current complacency could prove as misplaced as the forecasts could prove mistaken. A year ago, the IMF thought world output would rise by 2.4 per cent this year, US output by 1.7 per cent and UK output by 1.3 per cent. Now it thinks the world economy will grow by less than 1 per cent, while the US economy will contract by 0.2 per cent and the UK's by 1.7 per cent.

Forecast failure
The IMF's distinguished team of forecasters largely failed to forecast the Anglo-Saxon move into recession. In this failure it was representative of model-based forecasters, who do a wonderful job of extrapolating trends and are, therefore, as useful as an umbrella with holes in it. The IMF – it should be noted – is no worse than most. Last September the consensus of UK independent forecasters predicted that the UK economy would grow by 1.8 per cent this year, not decline by as much.

What can go wrong this time? The answer is simple. If monetary numbers say anything, then what they are saying at the moment is highly uncomfortable.

The IMF's distinguished team of forecasters largely failed to forecast the Anglo-Saxon move into recession. In this failure it was representative of model-based forecasters, who do a wonderful job of extrapolating trends and are, therefore, as useful as an umbrella with holes in it.

The drama culminated 10 days ago with Sir Graham's appointment as interim chairman, after the board forced Sir Roland Smith to announce he was vacating the chair. In the past week BAE's vulnerability has exposed it to speculation that it would face a takeover bid, either from GEC or a group of continental European defence and aerospace groups.

On Monday Sir Graham will have to face shareholders – some of them disgruntled – to ask them to approve a £432m rights issue.

The irony of Sir Graham's elevation is that it was Sir Roland who brought the 58-year-old Canadian into the company through the acquisition of the Rover car group in 1985, where Sir Graham was chairman. BAE acquired the former state-owned car maker from the government primarily for its assets, peripheral companies that could be sold off and land which could be redeveloped. But one of the chief assets Sir Roland was keen on was managerial – Sir Graham.

He was born in 1933 in Halifax, Nova Scotia, the son of a British emigrant. He graduated as a lawyer from Dalhousie University, and arrived in the UK as chief executive of Cammell Laird shipbuilders on Merseyside in 1971, after a stint with Canadian Pacific.

Over the past eight years he has taken on one top job after another. He is chairman of Cadbury Schweppes, the con-

Despite all the efforts of the Federal Reserve its favoured monetary measure, M2, is limping along, with growth of only 2½ per cent in the year to August. Japan's main measure M2 plus certificates of deposit has experienced a collapse, with growth down to 2.8 per cent over the same period. Comparable collapses have not befallen the continental countries, but the Bundesbank has managed to keep growth of broad money down to an annualised 4.1 per cent from the fourth quarter of last year. Meanwhile, in the UK the growth of M4 is down to 7.2 per cent in the year to August, while its annualised growth over the latest quarter is a mere 0.9 per cent. For an economy that enjoyed monetary growth of 16 per cent between 1989 and 1990, this represents a precipitate shift from feast to famine.

Unwilling lenders

What lies behind these numbers is an unwillingness to lend at current rates of interest. This is so, even though they have been falling in the US (where short-term rates of interest are now close to 5 per cent) and the UK (where they are twice as high as in the US, but have fallen by about 4½ percentage points since the past year). In continental Europe, rates of interest are stuck, because they are constrained by a Bundesbank whose worries do not include domestic economic stagnation. Meanwhile, Mr Mileno's Bank of Japan remains determined, notwithstanding a modest recent relaxation, to drive inflationary expectations out of the economy.

The chances are that the decline in monetary growth matters: liquidity is the lubricant of the capitalist economy, while the growth of credit indicates the level of optimism. Yet if both lenders and borrowers are traumatised by recent painful experience, lower interest rates could, as appears to have been the case in the US and the UK, be "pushing on a string". In Europe, lower interest rates, in any case, seem to be ruled out in the near future, since the European economy is tied to the wheel of German unification. Japan has room for manoeuvre, but lower interest rates could lead to complaints about a weakening yen.

With luck, the mainstream forecasters will prove right and the monetarists wrong. If the latter are not wrong, however, the prospects for the world economy are gloomy. Worse, little will – and little can – be done about it. The chickens of the 1980s could have come home to roost.

MAN IN THE NEWS

Sir Graham Day

Straight talker with a love of planning

By Charles Leadbeater

fectioner, and late last year became chairman of PowerGen, the electricity generator, after the abrupt departure of Mr Robert Maltby.

Sir Graham has some obvious qualifications for the BAE job. He is familiar with the political demands of working for a company whose fortunes are closely tied to those of the UK government. He has frequently worked in that grey zone between politics and business, particularly at British Shipbuilders and Rover.

By turning around the Rover group, which he joined in 1986, he has already played a significant role in BAE. He cut costs, sold peripheral businesses, developed the vital relationship with Honda of Japan, launched the strategy to take the company away from volume markets, and eventually privatised it.

Despite this track record, some leading industrialists privately cast doubt on his achievements. Critics say he has merely proved able to close down and sell off loss-making and ailing industries and has

no background in building and developing businesses. However, there can be little doubt that he brings well-tested personal and managerial qualities to the troubled aerospace group. His style differs markedly from Sir Roland's – to the relief of many executives in the company's offices near to Trafalgar Square.

When speculation of a takeover bid reached its pitch earlier this week Sir Graham was unflinching, visiting his son's old school on Merseyside to give a speech and sharing a "joint and a pie" with local businessmen.

Where Sir Roland could be pompous and status conscious, Sir Graham is straight-talking and egalitarian, talking to secretaries and senior executives with the same ease. Sir Roland liked to work on his own, running strategy and conducting business negotiations beneath a cloak of secrecy. Sir Graham will set out to build a more cohesive management team, working hand in glove with Mr Dick Evans, the company's chief executive.

Sir Graham says: "Life will

gaping hole has appeared in the world's most vital and widest-reaching arms control regime.

The unfolding of Iraq's nuclear weapons programme has uncovered something bigger, more advanced, structured and diversified than anyone suspected. And this in a country that has signed and ratified the Non-Proliferation Treaty (NPT) and been regularly inspected by the International Atomic Energy Agency (IAEA). Why was Iraq able to get away with it until it lost a war? What would stop other countries doing the same?

Weaknesses in the overall system of controls, both over Iraq's nuclear work and over its supplies from the west, have been badly exposed.

In April, IAEA governors received a report on worldwide inspections in 1990. The agency "as in previous years, did not detect any event which would indicate the diversion of a significant amount of safeguarded nuclear material – or the misuse of facilities, equipment or non-nuclear material subject to safeguards for the manufacture of any nuclear weapons."

But the report inserted a warning for the first time: "Note must be taken of the limitations... of the international safeguards regime."

Only now is there a real drive to strengthen inspections. The IAEA says it needs more co-operation from intelligence agencies; but the existence of a clandestine Iraqi procurement network was no great secret 18 months ago.

The agency already had the right, in theory, to seek access to other sites than those subject to routine inspection. But until the present investigations under UN Security Council Resolution 687 it never used this "special inspection" provision. Mr David Lowry, director of the European Proliferation Information Centre, says nobody was sure how to put it into practice. The IAEA has pleaded poverty. There are limits, it says, to what it can do on an inspection budget of \$60m that has been frozen in real terms for seven years.

"The whole system relies on political constraints rather than inspection to encourage compliance," says Mr Owen Greene, lecturer in international security at the University of Bradford's School of Peace Studies.

The risk has been that some developing countries could threaten to withdraw from the NPT if inspections became too intrusive and disruptive. But Mr Greene believes too much would be at stake in terms of their international status for them to carry out the threat.

Political sensitivities have always dogged the NPT, which came into force in 1970. Now has more than 40 signatories. The NPT is fundamentally unequal. Signatories which did not have nuclear arms before the

United Nations inspectors have concluded that Iraq has beyond any shadow of doubt "an extremely advanced nuclear weapons programme."

Indeed, the weapons design was so advanced that if Iraq were able to produce enough enriched uranium it could have been within two months of starting a nuclear arsenal.

The UN's latest, unscheduled, mission to Iraq, prompted by intelligence supplied to it last month, found what its previous missions had failed to discover: advanced plans for developing a nuclear implosion bomb similar to the one used on Nagasaki in 1945.

The heart of the "design, development and assembly" of nuclear weapons in Iraq is, according to the inspectors, at Al-Athar, south of Baghdad. Baghdad had previously denied the site was involved, says Mr David Kay, head of the UN inspection team.

Iraq's only significant barrier to the development of a nuclear arsenal was a steady supply of enriched uranium.

Overcoming this is no mean hurdle: only 1 per cent of uranium in its natural state is capable of causing a nuclear explosion, and the facilities to separate it are expensive, technically complicated and difficult to disguise.

Previous UN expeditions had discovered at sites in the Iraqi desert three separate methods of enriching uranium:

• First, Iraq had made most progress with a method known as electromagnetic separation. This is an old-fashioned and inefficient procedure, but one which depended only on easily acquired technology, or local manufacturing.

• The discovery that most startled inspectors was enrichment by centrifuges, which spin uranium gas rapidly, a state-of-the-art technology. Inspectors concluded that Iraq's centrifuges were modelled on western ones and that the country almost certainly had foreign help.

• The third method, chemical extraction, uses easily available chemicals, but is scarcely beyond laboratory stage, even in the west.

Inspectors believe that the facilities uncovered so far would not yield a steady supply of enriched uranium for another 18 months.

But they are also convinced that Iraq is still hiding the most sophisticated part of its centrifuge programme and suspect that it had already begun to produce small amounts of enriched uranium.

which executives can work as a team, implementing policy after an open debate. For a company used to a mix of the centralised hierarchy of a traditional military business and the personalised style of Sir Roland, this should come as a breath of fresh air.

Sir Graham already has a good relationship with Mr Evans and is keen to bolster him against criticism that he is as responsible as Sir Roland for the company's misfortunes.

It is vital for Mr Evans to continue in his post, says Sir Graham. He has been the huge Al Yamamah arms contract with Saudi Arabia, which has benefited a wide range of British defence contractors in the past few years.

Sir Graham says: "Anyone close to it must know there is no one else as capable of dealing with the complexity of the Al Yamamah contract as Dick. Suggestions that there should be further changes in management fail to take that into account. Neither of us is subordinate to the other; we are going to work together and we will often be interchangeable."

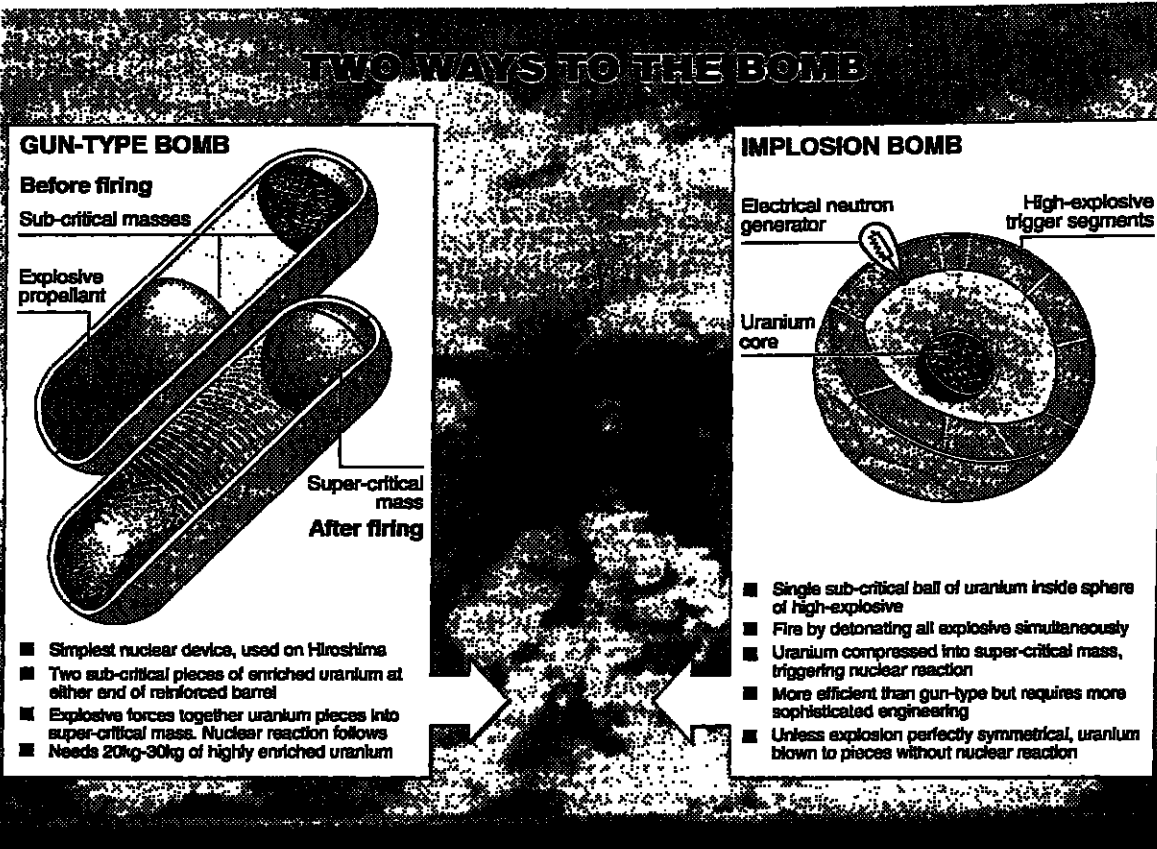
The two men share a love of planning, something which was lacking at BAE until recently. In a revealing comment upon the inadequacies of the group's management methods, Sir Graham says: "Sir Raymond Lygo, the former chief executive, was essentially an ex-ship driver and plane flyer. Dick was responsible for introducing proper business planning. It was the first time this company had had it."

Sir Graham's respect for planning extends to his own life. He has already pencilled in May 3 1993 as the date when he will give up full-time work, probably returning to live in Canada. But that does not mean his commitment to BAE will stop after 18 months. He says emphatically: "No, if I am still needed there is no way I will drop them in it."

However, suggestions this week that he might be looking for a new full-time job provoked extreme reactions in the Day household. "My wife almost blew up," he notes.

Iraq's nuclear weapons programme has exposed weaknesses in the Non-Proliferation Treaty, writes David White

A sharp shock to the system



treaty are forbidden to acquire them, and nuclear weapons owners are forbidden to help them do so.

The treaty is based on a bargain, struck along two lines. In exchange for renouncing weapons, countries have the right to assistance for peaceful nuclear programmes. In exchange for a monopoly on nuclear weapons, the others are committed to "effective measures" towards disarmament.

President George Bush's announcement last week of unilateral nuclear arms cuts and new negotiating pro-

posals is at least a gesture in that direction. More specifically, it removes North Korea's main excuse for not concluding a safeguards agreement with the IAEA – US tactical nuclear arms in South Korea. Of all the NPT states, North Korea is the one that causes most concern after Iraq. It signed the treaty in 1985 but is suspected of a weapons programme.

Non-compliance is a relatively new worry. Previously, concern focused on the intentions of other "threshold" states – South Africa, Argentina and

are near to producing nuclear arms. Anxiety has been magnified by parallel proliferation in missiles able to carry large warheads long distances.

The areas of greatest concern are the Middle East, where Israel is believed to have had its own arsenal since the mid-1970s; India and Pakistan, both of which are capable of making nuclear weapons (India carried out a nuclear explosion in 1974); and the Korean peninsula. Worries about the intentions of other "threshold" states – South Africa, Argentina and

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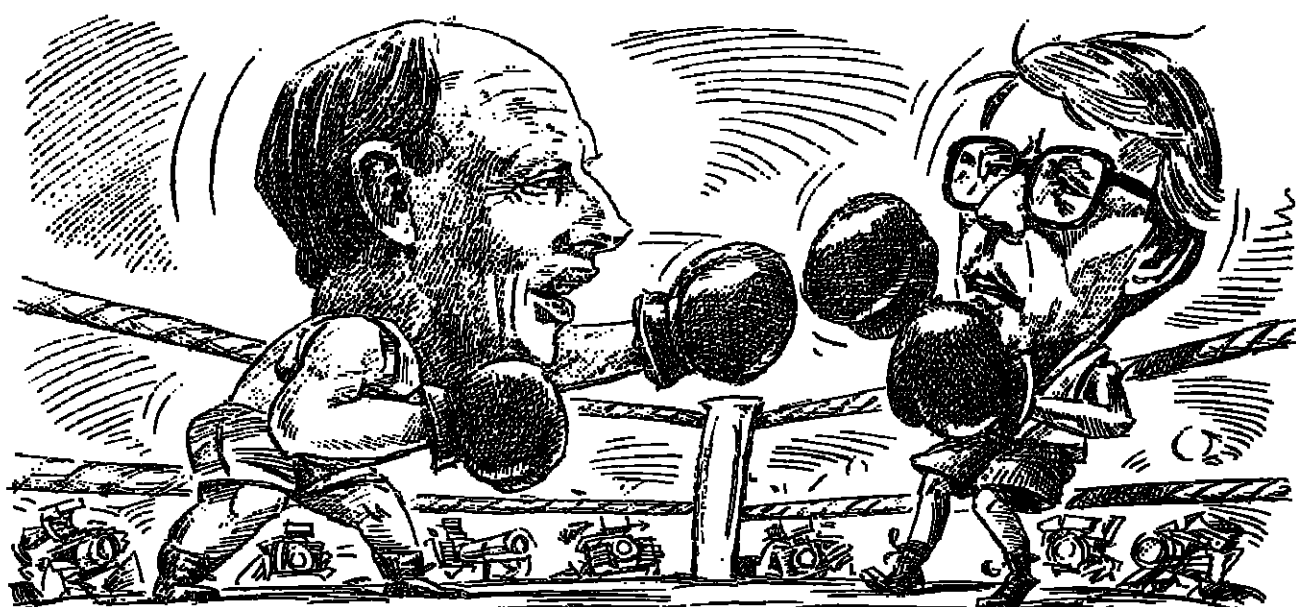
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Back on the offensive

Can Major win in the conference ring, asks Philip Stephens



Now if it is Mr John Major's turn, in Brighton, Mr Neil Kinnock offered his prospectus for government. In Blackpool the prime minister must convince his party that the coming winter promises revival not discontent.

Labour had a good conference. That was not because it suddenly discovered a magic potion to enhance the electoral appeal of a set of policies which were hardly new. Nor was it because Mr Kinnock captured the imagination of the voters with a speech that was inspirational - rather, it was solidly good.

What Labour offered instead was the display of disciplined responsibility needed to reinforce the message that the party really has changed. Listening to the debates, it was obvious that it has not torn up its idealistic roots. The noisiest applause came for those speakers who promised more help for the old, better education for the young, more money for the health service, a minimum wage for the poor.

But there was also the sobriety that Mr Kinnock has so desperately fought for since 1983. No one boomed when Margaret Beckett warned that there was no blank cheque. There was the predictable embarrassment on defence. But for the rest of the time the trades union barons who dominated so much of Labour's past were not only placid but hardly visible. When Mr Arthur Scargill briefly mounted the rostrum he looked lonely rather than threatening.

There was something else. The neat packaging of policies on the economy, industry, public services and social welfare in an aspiration to make

Britain the "best in Europe" gave them a framework of coherence that had been absent before. The party had a sense of what it stands for as well as what it does not.

Most important of all the delegates in Brighton looked as if they wanted to win, after more than a decade in the political wilderness they seemed to understand that to be angry was not enough.

Neither was it enough for Labour to have a good conference. If Mr Kinnock established that the election will be the most closely fought since 1979, the Conservatives in Blackpool will remind him of the mountain he has to climb. Not since 1945 has an opposition achieved the 8 per cent swing he needs for an overall majority at Westminster.

Mr Major starts next week on the defensive. After the opinion poll euphoria which followed a summer season on the international stage, the enforced delay of the election has deflated Tory confidence. He would have liked to go in November instead of being boxed in by a timetable over which he has no control. No prime minister can feel comfortable with just six or seven months to go before the voters that the pain of economic recession was worth it.

Then there are the rocks strewn in his path. A deal at the Maastricht summit on European integration might well be repudiated by his predecessor, provoking another damaging row. The public spending round will severely strain the twin commitments to better public services and financial prudence. Financial constraints in the health service threaten a bitter fight over his NHS reforms. Yet for the moment the

Tories are at worst two or three points behind in the polls - and that is after the deepest recession for a decade.

The Conservatives are confident that the careful wrapping of Labour policies will not conceal for long the tension between their commitments to spend and their pledge not to push up the tax bill of the ordinary voter.

The prospect of economic recovery - and a warning that Labour's profligacy would wreck it - will be placed at the heart of Mr Major's manifesto in Blackpool. The message will be that when he replaced Mrs Margaret Thatcher he made three promises: to bring down inflation, to cut interest rates, and to restore economic growth. He has delivered on the first two; he will honour the third.

Nor will legislation to abolish the poll tax be enough to bind such a deep, self-inflicted wound, one which will be reopened again when another batch of bills land on the doormats in the spring. The voters have been badly bruised. They

precious little time for voters to feel the benefits of a return to economic growth. Rising unemployment, a depressed housing market and a squeeze on pay deals might yet dissuade consumers from rushing to spend the fruits of lower mortgage rates.

As one senior minister admits with refreshing candour: "We cannot fight on our record since 1987. The focus must be on the future."

The aim is to reinforce the impression that there has already been a change of government. That will come in part next week from the sustained promotion of Mr Major. He is young, popular, trusted by the voters, and has attracted little personal blame for the mistakes of the past few years. His international travels have

given him self-assurance. He is not Mr Kinnock. Nor is he Mrs Thatcher.

Ministers will seek to give definition to the policy fragments of his 10 months in office. The inevitable flurry of initiatives will not be as bold as in 1986. But taken together they should provide an outline of the election manifesto.

Mr Major is clear in his own mind where the battle lines must be drawn: the Conservatives stand for individual choice and ownership; for all its presentational glitz this week, in his view Labour is still wedded to the grey collectivism that propelled eastern Europe into the embrace of a market still distrustful by Mr Kinnock.

A fourth Tory term will mean more tax cuts - the chance for individuals to decide for themselves how to spend much of the money. It will entrench ownership of property, of shares, savings and pensions. It will put the rights of parents before the educational establishment, of patients before health service trades unions.

There will be more privatisation - not only of British Rail and of the coal industry but of many services now provided by central and local government. More schools will become self-governing, more hospitals will be given trust status, more tenants will be encouraged to buy their own homes. The Conservatives will empower people while Labour would shackle them.

It is a message that Mrs Thatcher, who will briefly join Mr Major on the platform in Blackpool for a carefully scripted display of synthetic solidarity, could find little to disagree with. It will be put alongside a commitment to

ensure that, this time, inflation will be permanently defeated. But therein lies the prime minister's dilemma. He cannot fight the election on a Thatcherite agenda. Nor, on the evidence since last November, does he want to. He has repeatedly emphasised his commitment to the public provision of services such as health and education. She tolerated it. He has spent money on child benefit, on abolishing the poll tax, on cold weather payments for the pensioners. She thinks he is a profligate.

They are distinctions which have not yet percolated into the public consciousness. As the turnaround in the opinion polls during the past two weeks has underlined, as soon as attention switches to the welfare state Labour prospers. The voters think Mr Major is a nice man but they believe the supposed shift Mr Kinnock when he says the Conservatives plan to privatise the NHS.

Three Conservative terms have not dislodged the perception that if a government is committed to better public services it will have to spend more money on them. No matter that the same people want tax cuts as well. Greater efficiency and market discipline are not slogans that convince them that the welfare state is safe in Tory hands.

The Citizen's Charter - of which we shall hear much next week - is associated in the public mind with railway timetables and traffic cones rather than hospitals or schools or better housing. It might not matter, were Mr Major riding the economic boom that swept Mrs Thatcher back into power in 1987. But he is not. He may find it hard in Blackpool to have as good a week as Mr Kinnock had in Brighton.

Labour's tax plans contain the best proposal for changing the direct tax structure - abolishing the National Insurance contribution ceiling - and one of the worst: more income tax rates.

One of the few good taxes in the UK system is the income tax. It is reasonably cheap to run, quite effective, raises substantial amounts of money, and takes a much larger share of high incomes than low: the top 1 per cent of income taxpayers contributes 14 per cent of income tax revenue, the bottom 50 per cent contributes only 15 per cent. Income tax, although it raises only a quarter of government revenue, more than other taxes makes the whole system more progressive.

Yet Labour believes income tax is "ineffective", a "virtually a flat-rate tax". It is a flat rate only insofar as more than 90 per cent of taxpayers

face the same tax rate (the basic 25 per cent) on each additional £1 they earn. But many people pay no tax because their incomes are below the tax-free allowances. Although at the margin, many face the same rate, the degree of income rises quickly. For a married man earning £5,000 a year, the share of tax in total income is zero. At £7,500 the share is 8 per cent, at £10,000 12 per cent, at £15,000 17 per cent, and at £25,000 20 per cent.

To describe a tax like this as "flat-rate" is to ignore its true character. So why does Labour propose to add a new rate below 25 per cent and a new rate of 50 per cent? One argument is that the lower rate will help the poor. Certainly, reducing the tax rate from 25 to 20 per cent will cut the tax bills of those with small incomes. To pay for a reduced rate of 20 per cent on just over £1,000 in income, £1bn would be needed. This would reduce the tax bill of a married man earning £5,000 by £24, from £121 a year to £97. But the same £1bn could be

used to increase tax allowances by £200 a year. This would reduce the tax bill of the man on £5,500 from £121 to £71. The only people to benefit in full from a reduced rate band are those with taxable incomes outside and above the band.

For those with smaller incomes, an increase in tax allowances will always be better. If one is only just paying tax, an increase in allowances, which removes all tax liability, will be preferable to a reduced rate, which simply reduces liability. Another argument for lower starting rates is incentives. The suggestion is that a starting rate of

25 per cent, or 34 per cent if the 9 per cent National Insurance contribution is included, damages work incentives. This is hard to believe. Even if true, it seems unlikely that a 5 per cent reduction would help much. There are those who face higher effective tax rates because of the operation of the means-tested benefit system, but changes to the income tax rate have almost no effect on their position.

A further defence of graduated rates is that they are a way of making the tax system more effective in extracting a fair share from those with very high incomes. Income tax already achieves this goal to a great extent. Introducing new, higher rates would extend the scope for tax avoidance, and while it might increase the tax bills of some with high incomes, would encourage others with more flexible circumstances to change their behaviour to avoid tax. Higher tax rates are unlikely to reduce work effort but could reintroduce scope for tax avoidance.

Perhaps the best argument for a tax system with more rates is that it allows a more flexible structure than the current system of three rates (zero, 25 per cent and 40 per cent). This is true, but to require

greater flexibility, a far more exacting set of distributional objectives than currently on offer would be needed.

The reasons for moving to a multiple rate system seem unconvincing, and there would be costs. At present, taxing income, savings, and other secondary sources of income is quite straightforward. Tax can be deducted at source at 25 per cent, because in more than 90 per cent of cases, that will produce the correct deduction. For higher-rate taxpayers, more will be due, but unlike most taxpayers, higher-rate payers typically give up annual tax returns, at which point the necessary adjustment could be made. A new lower starting tax rate could create chaos, since millions of adjustments would be necessary for those who have no contact with the Inland Revenue.

With a multiple-rate structure, the tax rate on an additional £1 of income would be higher, on average, than the current rate. Although the damage done by this is easily overstated, it would certainly not be

beneficial. And if capital gains continue to be taxed at the same rates as income, a new 50 per cent rate might cause problems.

The strongest argument for a multiple-rate structure seems to be that it is a way of helping the poor and hitting the rich. It is not. But let the Labour party should be unfairly criticised, note that although a structure of multiple rates rising with income has problems, the current direct tax rate structure (income tax and NI contributions) is stupid. Those below £20,000 pay a marginal rate of 24 per cent (25 per cent income tax, 9 per cent NI), from £20,000 to about £30,000, the marginal rate is only 25 per cent. Beyond that, the 40 per cent rate applies. Labour should apply to its income tax policy the clear-sightedness which makes it propose the abolition of the NI ceiling. The government should apply Labour policy on the NI ceiling.

The author is director of the Institute for Fiscal Studies.

LETTERS

Car misuse must be made unacceptable

From Mr Chris Bushell.

Sir, In "Putting brakes on car abuse" (Technology, October 1) John Griffiths reminds us how inappropriate the motor car is as a vehicle for urban mobility. Where our high streets are not choked with slow-moving traffic, they have become race-tracks, with pedestrians marginalised on footpaths.

He points to the dangers created by the disregard for traffic regulations, which in my view is so widespread as to constitute a major problem. Observations on city streets and the motorways lead me to believe that much of the daily business of the nation is carried on in disregard of speed limits, parking restrictions and general safety requirements.

Some of this is well-documented amounts of revenue during the 1980s, when income tax was at 5 per cent, estate duty raised 18 per cent of total direct tax revenue. In 1990-91 it raised 0.7 per cent of total taxes and national insurance contributions.

Death duties do not redistribute wealth. Under them the state confiscates private capital and spends it as if it were income.

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On the contrary, polarisation was imposed on independent by the act as just one part of an expensive, bureaucratic and disappointingly ineffective regulatory framework. The main consequence of polarisation for smaller independents was denial of technical support from the life offices, not concealment of their income.

The Financial Services Act best served the large direct sales life office whose talented people tended to leave to set up as independents. It established a commission cartel which fixed independents' earnings below that of direct salesmen, cut off technical support and forced the aspiring independent to pay for an expensive

Inheritance tax: unjustifiable on egalitarian grounds and morally reprehensible

From Mr B W Sutherland.

Sir, Peter Marsh ("A tax the Tories may be planning to disinherit", October 2) really should know better.

A tax which is levied on all assets on death, if the total value of them exceeds £140,000, falls on many, whether house owners or not, who could hardly be described as "affluent".

It has not raised "substantial amounts of revenue during the 1980s, when income tax was at 5 per cent, estate duty raised 18 per cent of total direct tax revenue. In 1990-91 it raised 0.7 per cent of total taxes and national insurance contributions."

Death duties do not redistribute wealth. Under them the state confiscates private capital and spends it as if it were income.

The fall in the number of estates affected by the tax between 1986-87 and 1990-91 was not due to "the ease of making gifts that escape the tax net" nor to "putting wealth into the form of tax-exempt trusts" (incidentally, I am sure

that all tax advisers would like Mr Marsh to tell them how this can be done). It was due to the fact that the threshold of the tax was lifted from £71,000 in 1986-87 to £128,000 in 1990-91, an increase of nearly 40 per cent in real terms after allowing for inflation.

The reason why any government should consider abolishing the tax is because, for a negligible yield, it penalises thrift, does considerable harm to the wealth-creating sectors of the economy and leads to a "one-generation society". It is not even justifiable on egalitarian grounds.

For the same reasons, your leader ("Death and the tax man", October 3) is fundamentally flawed. I would add that an accessions tax in place of estate duty was carefully considered following Mr Barber's green paper in 1972 and was found to be impractical.

Bruce Sutherland, Stoneleigh House, Moreton-in-Marsh, Gloucestershire

From Mr D P Jeffcock. Sir, In your leader (October

3) you mention a possible tax levied on the receiver rather than the giver, suggest it as "more radical" than other recent proposals, and call it an accessions tax. This idea is not new. Following the 1984 Conservative defeat Sir Alec Douglas-Home's Tax Reform Group, of which I was a member, recommended, *inter alia*, the substitution of death duties by a transfer tax falling on the donee, not the donor. The former was to be assessed at 15 per cent on receipts over a lifetime, thus contributing to the effective distribution of assets. Ironically, the Labour government soon introduced a capital transfer tax at 15 per cent, payable by the donor.

D P Jeffcock, Wellington House, Captains Row, Lynton, Devon

From Mr Jeremy Jennings. Sir, I can only assume that the journalist responsible for the Death and the taxman leader is both out of touch with EC tax systems, lacks any concept of common decency, and is a member of the CDEE voting fraternity.

First, based on the most recent EC-wide statistics, UK inheritance taxes generate less than 1 per cent of total tax revenues. Furthermore, this percentage is actually higher than the majority of Britain's EC neighbours. The only reason that this paltry sum is easy to collect is that the deceased's estate ends up paying.

Second, from a moral standpoint, to tax an individual's income throughout his or her life is one thing, but then to seek to levy a further tax on the deceased's net estate is morally reprehensible. Not only is the taxpayer not around to defend his or her corner but to support the tax by arguing that a beneficiary is better off, on a net basis, is no different from condoning a top rate of income tax of 99 in the pound. After all, having earned one pound gross, isn't one still better off on a net basis?

Jeremy Jennings, 425 Rue de la Vallée, 1050 Brussels, Belgium

From Mr Douglas R Page.

Sir, After reading Mr Christian Tyler's article about Mrs Eileen Martin Yochim ("Flying the flag with a daughter of the revolution", September 21-22), I fear for the pupils at the US who may receive their literature. If the president general of the Daughters of the American Revolution has trouble answering such simple questions, like what it means to be an American, can one only imagine the horrors that lie in the group's books.

Patriotism is hardly a unique trait. The Gulf war brought out patriotism in Americans as well as in the British, the French and, perhaps, even in some Israelis. But I would hope our independent spirit, optimism toward the future, belief that we can change our country as well as the world for the better, are considered distinguishable traits before simple patriotism. She looked more like a jingoist.

Further, it is unconscionable that Mrs Yochim considers

atheists unpatriotic Americans. She fails to recognise one of the basic tenets of the US constitution, freedom of religion - giving Americans as much right to attend the church of their choice as not to attend any church at all.

In addition, I was disturbed by her claim that the DAR has changed with the times or, for that matter, considers itself ahead of them. Mrs Yochim came across as a product of the 1950s and the era of Joe McCarthy.

And I shuddered to read that this group actually teaches and runs schools. It is tragic enough that American students fail to have a strong grip on their history, political institutions and the country's make-up. But when one of the country's leading citizens, like Mrs Yochim, has such a distorted view of America, who can blame them?

Douglas R Page, 1220 N LaSalle Dr, Apt 2F, Chicago, Illinois

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	Money	11.80	N/A	Yearly	£10	60 days notice inst. acc. £100K
	Money	11.25	8.44	Yearly	£50,000	inst. acc. 10.00 £10K inst acc. £1.1
	Money	12.25	N/A	Yearly	£25	30 days penalty
	Money	11.80	8.85	Yearly	£50,000	60 days notice inst. acc. £100K
	Money	8.50	6.38	Yearly	£1,000	inst. acc. 10.00 £10K inst acc. £1.1
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Barney 0226 735999 Birmingham Midlands 07602 736710 Bosford and Blagdy 0274 561549	Monetary Option 6	11.00	8.25	Yearly	£2,500	inst. acc. 10.00 £10K inst acc. £1.1
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	Monetary Option 7	11.75	8.84	Yearly	£25,000	inst. acc. 10.00 £10K inst acc. £1.1
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	Select	10.25	7.49	Yearly	£50,000	inst. acc. 10.00 £10K inst acc. £1.1
	Select	10.70	7.50	Yearly	£225,000	inst. acc. 10.00 £10K inst acc. £1.1
	Select	9.70	7.28	Yearly	£10,000	inst. acc. 10.00 £10K inst acc. £1.1
	Select	9.10	6.83	Yearly	£2,000	inst. acc. 10.00 £10K inst acc. £1.1
	Select	8.40	6.30	Yearly	£500	inst. acc. 10.00 £10K inst acc. £1.1
	Select	3.40	2.93	Yearly	£1	inst. acc. 10.00 £10K inst acc. £1.1
Bristol and West 0872 724271	Times Plus	11.65	N/A	Yearly	Thru	inst. acc. 10.00 £10K inst acc. £1.1
	High 30	11.00	8.25	Yearly	Thru	inst. acc. 10.00 £10K inst acc. £1.1
	Jeffrey Bond 2	11.10	8.32	Monthly	£2,000	inst. acc. 10.00 £10K inst acc. £1.1
	Fixed Bond 2 Yrs	11.00	8.25	Monthly	£1	inst. acc. 10.00 £10K inst acc. £1.1
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	Lombard Share Acc	11.15	8.36	Yearly	£2,500	inst. acc. 10.00 £10K inst acc. £1.1
	C&I First-Term	10.90	N/A	Yearly	£1,000	inst. acc. 10.00 £10K inst acc. £1.1
	Share 1 Yr	11.30	8.48	Yearly	£50,000	inst. acc. 10.00 £10K inst acc. £1.1
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	3 Year Bond	11.55	8.66	Yearly	£40,000	inst. acc. 10.00 £10K inst acc. £1.1
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	Instant Option	10.40	7.80	Yearly	£1,000	inst. acc. 10.00 £10K inst acc. £1.1
	Instant Option	9.50	7.12	Yearly	£5,000	inst. acc. 10.00 £10K inst acc. £1.1
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Racal scorns Williams' £714m bid as 'inadequate'

RACAL ELECTRONICS yesterday dismissed the £74m takeover offer by Sir Ernest Williams Holdings as "inadequate and opportunistic".

Sir Ernest Harrison, chairman of Racal, said his letter to shareholders - asking them to reject the Williams bid - was deliberately slim.

He said the bid did not warrant a detailed defence, and added that he had no intention of giving further information about Racal's businesses unless the bid was increased by a significant amount.

According to Racal's advisers, Sir Ernest believes a "serious offer" would have to match Racal's £150m turnover.

Before the bid, Smith New Court, Racal's stockbroker, had forecast year-end profits of about \$40m. Advisers to Williams said they expected this figure would be increased over the next few months, and later leaked out to various brokers.

However, Sir Ernest was adamant yesterday that a "more substantial offer" was unlikely if the Williams offer was not increased significantly.

Racal, which has until October 29 to add to its defense, says that Wednesday's offer to shareholders would be its final response to the Williams bid if it was not increased by the end of the month.

Sir Ernest said: "We are serious people; this is not a serious offer. We are always ready to talk. If Williams puts the bid to us, we will have things that it wants to talk about, then we could talk."

However, Mr Brian McGowan, Williams' chief executive, said that Sir Ernest had already refused a request for a meeting with him.

Williams' advisers gave their last hint yesterday that the offer might not be raised. They said Williams' share price was likely to rise, if the bid was not raised, thereby increasing the value of the offer.

Its all-share offer for Racal was worth more than £750m before its own share price suffered a fall from 361p before the bid to 332p the day after.

Racal's documents also go against Williams' acquisition accounting. It stated: "In evaluating Williams' shares, Racal

shareholders are advised to consider the unusual inclusion of the pension fund surplus as an asset in the balance sheet."

Williams answered that the practice was in line with standard accounting procedures.

Sir Ernest confirmed that Rascal was in the process of selling three businesses: defence radar, the marine and aerospace, and Redair, the suppliers of computer-aided design systems.

Asked whether the business had not peaked in 1984-85, since when profits have continually fallen, Sir Ernest replied: "Demerging the Vodephone cellular telephone network was a brilliant move. We have not lost our track for improving shareholders' value."

The defence document boasted that over the past 25 years, Rascal outperformed the FT-A All Share Index by 14 times and that it spent £73m last year on research and development, compared to Williams' £35m.

Williams rebutted the charge and accused Rascal of failing to talk about profits and margins.

See Lex



DAN DARE and Roy of the **Rovers** are joining forces with **Batman** and **Superman**—courtesy of Mr Robert Maxwell.

The characters are involved in a joint venture which links **Fleetway**, Maxwell Communications Corporation's comic company, and London Editions Magazines, part of the **Gutenberg** Group, publishers of childrens and family entertainment.

The new company, **Fleetway Editions**, will be brought together in the London headquarters of Maxwell Consumer Magazines with a total of 60 titles.

Mr **Frits Raamstrup**, a management consultant who has worked with **Gutenberg** in the past will be responsible for implementing the merger.

"It is very rare to find such a natural publishing fit and I am extremely enthusiastic about the future of **Fleetway Editions**," said Mr **Raamstrup**.

HOPES ROSE last night that an agreement on Brent Walker's long neglected and refinancing of the plant.

Talks have continued all week over the terms being offered to the bondholders and yesterday for the first time Mr. Dermot Smurfit, president of the bondholders, and Mr. Jefferson Smurfit, the biggest bondholder, said: "We are close to getting something signed off."

Brent Walker's advisers also said they hoped to have a complete agreement signed by early next week.

The breakthrough appears to have come after the company offered bondholders the chance to swap their bonds for a debt instrument. This is not a new form of debt security, which in normal circumstances ranks ahead of the banks' preference shares. It also guarantees the bondholders a voice in any new restructuring plans.

Walker's board of directors approval of the company has had to alter

the original terms which would have put the bondholders at the bottom of a creditors queue in the event of a liquidation.

In order to appease the banks, which are owed more than \$1.3bn, Brewster & Co. agreed that in the event of an insolvency, the debt instrument would revert to having no preference over the banks' preference shares.

The company is convinced a new formula exists for improving the ranking of the bondholders that will satisfy both the banks and Smurfit. However, Mr Smurfit warned that the company had made a deal with the bondholders before it was even in court to take the company into a separate development.

Brent Walker's independent shareholders' committee said it had talks with Lonrho, another bondholder, in which the international trading company offered to swap one million shares for every four in Brent Walker.

SCOTTISH TELEVISION suffered a sharp drop in tax profits from £34.4m to £1.6m in the half-year to June 30.

The company was hit by the serious drop in television advertising although its revenue fell by only 1.5 per cent, less than the average for the ITV sector as a whole.

However the main reason for the profits fall was not the recession, but an exceptional charge of £16.8m for pension (£550,000) in overance paid for staff taking early retirement.

"Before taking account of this special expenditure, profit before tax declined by 20 per cent from £4.9m to £3.2m - a relatively small drop in these difficult times," Scottish said yesterday.

Turnover fell to \$52.1m (\$54.6m) and earnings per share declined to 3.27p (3.73p). The interim dividend is unchanged at 2.875p, after adjustment for a scrip issue.

In recent months its share price has fallen from a high of 257p to its present 574p. Currently however, the City's main interest in Scottish and its share price goes beyond its interim results and focuses on long-term prospects.

At the end of this month the Independent Television Commission will confirm that Scottish is to be awarded a new 10-year franchise to run from the beginning of 1993.

It is expected correctly that it would be unopposed in the competitive tenders for the

new ITV franchises and put in the bid in May, his bid was less than £1m a year and there have been unconfirmed industry reports that it may have been as low as £200,000.

Scottish noted yesterday that it had not yet estimated the costs of applying for the new franchise - would be treated as an extraordinary item in the 1991 final accounts.

A large part of the £4m deal was to be spent on raising its franchise and involved programme deals with independent producers in Scotland. It signed up many of the leading independent programme makers thereby making it more difficult for rival financial bidders to get access to the talent they would need.

DC GARDNER, the accountant and banking training group, fell into the first half of 1991 with a deficit of £2.83m. After exceptionals, compared to a profit of £1.06m last time.

Restructuring and abortive negotiations with potential investors resulted in an exceptional charge of £1.63m. Interest payable doubled to £392,000 (£212,000).

Mr Barry Toppie, deputy chairman, said the result was "very disappointing" even though it had been predicted at the June 24m rights issue.

The interim dividend was passed (1.3p) and Mr Toppie warned on the final pay-out.

"We will pay a dividend in 1991, but we may have to renew the full" he said.

The accountancy and banking training businesses both incurred losses in the first half due to the seasonal nature of education courses and the recession in the UK financial services industry.

The outplacement businesses – which finds employment for those made redundant – also incurred a loss and was largely responsible for the rise in group turnover to £125.5m (£10.1m).

Before exceptionals, losses per share were 8.3p (earings 3.7p). After, they were 18.6p.

lovers and an Eric Cartman-like character. Disney characters included Judge Dredd, a law giver of the future and Disney characters. The most well-known characters from London Editions include My Little Pony and Postman Pat as well as Batman and Superman.

The financial terms of the merger were not disclosed.

Anselmini quits as MCC deputy chairman

Mr Jean-Pierre Anselmini, the 50-year-old deputy chairman of Maxwell Communication Corp.

Mr Jean-Pierre Anselmini, the 50-year-old deputy chairman of Maxwell Communication Corporation, has decided to resign from the company, writes Raymond Snoddy.

Mr Anselmini, a French banker who joined Mr Robert Maxwell's main quoted company in February 1988, said yesterday that he was leaving MCC, of which Mr Maxwell is chairman, to devote more time to his own business interests.

Mr Anselmini, a scientist and specialist in thermo-dynamics before becoming a banker, is planning to set up his own company in France to develop some ideas in high technology.

"I have been an employee all my life and I think the time has come to run my own company. If I don't do it now I never will," said Mr Anselmini.

He also plans to get involved in engineering technology to the Soviet Union and Eastern Europe, possibly in collaboration with Mr Maxwell.

Mr Anselmini said yesterday that he remained on the best of terms with Mr Maxwell and all members of the Maxwell group of companies. He would continue to sit on the boards of Maxwell companies in France and the Soviet Union.

It has not yet been decided whether Mr Anselmini will be replaced. Plans for a demergence of Maxwell's interests would leave MCC much smaller company.

cern. "Whether this is a result overseas companies being more alert to the investment potential in the UK private sector or a result of them being more able to afford to make investments, it is difficult say," says Mr Geoff Wilcock, Jordans director.

Meanwhile, John Swire Sons, the holding company with interests from the UK, Hong Kong and including Cathay Pacific Airways, came

Concerto C Liberty stake

By John Thornhill

CONCERTO Capital Corporation, a trading company representing the South African Myerson family, yesterday bought a 14.6 per cent stake in Liberty, the textile manufacture and retailer. This increased Concerto's total holding to 15.03 per cent.

Mr Brian Myerson, an expatriate South African investor and spokesman for Concerto, said: "The stake is an investment in what we consider to be one of the last remaining quality brand names. Everything else has either gone to the Japanese or belongs to another group."

Mr Myerson reiterated the statement made in September 1982 that Concerto bought its original stake in Liberty.

National Parking Corporation, whose founders Sir Donald Gosling and Mr Ronald Hobson rank among the UK's highest paid directors, will total remuneration of £5,350, a 51 per cent rise. The company achieved the fourth highest pre-tax profits and sixth highest margins.

Littlewoods, the retail group, maintained its number four position in turnover and ranked second in terms of pre-tax profits.

Capital lifts up to 15%

present intention of bidding.

He said he would like to take the company about enhancing shareholder value. "I think that as the second largest shareholder it would only be normal for us to meet them."

Liberty said it had as yet had no contact with Concerto but pointed out that over 50 per cent of the company's voting shares were family-held.

Concerto acquired the 1,600 shares from the Merchant Navy Officers Pension Fund, which paid £5 per share.

Liberty's shares remained unchanged at 65p yesterday as Concerto's intention to increase its shareholding has been well-publicised.

CONCERTO Capital Corporation, a trading company representing the South African Myerson family, yesterday bought a 14.6 per cent stake in Liberty, the textile manufacturer and retailer. This increased Concerto's total holding to 18.08 per cent. The company also expects to acquire South African investment and spokesman for Concerto said: "The stake is an investment in what we consider to be one of the last remaining quality companies. Everything else has either gone to the liquidators or belongs to another group."

Mr Myerson reiterated that statement made in September when Concerto bought its original 3.62 per cent stake.

present intention of bidding.

He said he would like to take the company about as large as it is now, but that as the second largest shareholder it would only fly normal for us to meet them."

Liberty said it had as yet had no contact with Concerto but was sure that the other 50 per cent of the company's voting shares were family-held.

Concerto acquired the 1,666 shares from the Merchants' Navy Officers Pension Fund which retains 8.5 per cent.

Liberty's shares remained unchanged as the company said as Concerto's intention to increase its shareholding had been well-publicised.

SHARES IN ASPIRIN Group fell 21 p in close at 57p yesterday on the news that profits for this year would be largely unchanged from the £13.6m of 1989-90.

However, there was some cheer for shareholders as the group forecast a 20 per cent lift in the final dividend.

The group, which sells retail food, drugs and cosmetics, has a 10 per cent stake in

£8.3m midterm

A 17 per cent increase in income from property and investment activities enabled Heydon to lift profits from £8.3m to £9.6m in the first half of 1991.

Property and investment income in £110.6m (£9.45m) and more than half that came from the sale of £27.7m (£2.6m) of

window blinds, saw halfway profits surge, but said yesterday that the advance from the normally stronger second half was not experienced.

**Percy Bilton at
£8.3m midterm**

A 17 per cent increase in income from property and investment activities enabled Percy Bilton to lift pre-tax profits from £7.83m to £8.33m in the first half of 1991.

Property and investment put in £11.06m (£9.45m) and more than offset a 71 per cent crash - from £2.07m to \$594,000 - in

The group continued its policy of selective redevelopment and refurbishment of existing sites.

Civil engineering made a satisfactory contribution. Private housing and plant hire also contributed, but the performance of all trading divisions was impaired by weak trading conditions.

Earnings in the half year came to 13.1p (12p) per share, and the interim dividend is stepped up to 5.67p (5.4p).

press reports which suggested that Tesco, the grocery chain, might be considering a bid.

"The only contact between the two companies was when Sir Ian MacLaurin sent Michael Julien a get-well card," said Storehouse.

Creston losses rise to £554,000

The loss at Creston rose from £459,000 to £554,000 in the year ended June 30, and no dividend is being paid.

The parent company lifted its profit from £31,000 to £138,000 but the main subsid-

per share had fallen to 26.68p (33.29p) taking account of the loss, a £350,000 reduction in market value of the investment in Ex-Lands, and a drop in the value of the freehold property in Bradford.

Losses per share were 3.82p (1.92p). The 1988-90 dividend total was 1p.

8% advance for Microfilm Repro

Microfilm Reprographics increased its pre-tax profit by 8 per cent, from £7.59m to £8.19m, in the year ended June 30.

banker who joined Mr. Robert Maxwell's main quoted company in February 1988, said yesterday that he was leaving MCC, of which Mr. Maxwell is chairman, to devote more time to his own business interests.

Mr. Anselmini, a scientist and specialist in thermodynamics before becoming a banker, is planning to set up his own company in France to exploit some ideas in high technology.

"I have been an employee all my life and I think the time has come to run my own company. If I don't do it now I never will," said Mr. Anselmini.

He also plans to start another

investments, it is difficult to say," says Mr Geoff Wilcock, Jordans director.

Meanwhile, John Swire Sons, the holding company with interests from the UK to Hong Kong and including Cathay Pacific Airways, can-

Concerto C Liberty stake

By John Thornhill

CONCERTO Capital Corporation, a trading company representing the South

**Capital lifts
rate to 15%**

Mr Michael Julien, chief executive of the Storehouse retail group, will return to work earlier than expected after recovering from a viral infection.

But Mr Julien, who will start work again on October 14, may return to an interesting scenario if current stock market rumours turn out to have any substance.

Storehouse shares rose 4p to 108p yesterday on a renewed bout of takeover speculation. But Storehouse played down

\$138,000 but the main subsidiary, Aluminium and Timber Securities, saw its loss more than double to \$891,000.

Its trading loss deficit was little changed at \$204,000, but before the \$151,000 contractual litigation settlement of \$199,000, and redundancy and reorganisation costs of \$127,000 meant exceptional charges this time were \$497,000, compared with \$131,000.

The principal activities of the group are the manufacture of speciality aluminium, aluminium and glazing products, and the management of a general investment portfolio.

At June 30 net asset value

Earnings moved up 1p to 10.4p per share, and the total dividend is raised from 3p to 3.6p with a recommended final of 2.4p.

Turnover of this photographic processing group improved from £33.6m to £34.4m. Last month it made "an important step forward" by acquiring Memex Information Holdings, which provides a computer software-based solution to the management and analysis of information.

In spite of the current economic conditions, the directors considered that 1982 should be another successful year.

Mr Anselmini also plans to get involved in exporting technology to the Soviet Union and Eastern Europe, possibly in collaboration with Mr Maxwell.

Mr Anselmini said yesterday that he remained on the best of terms with Mr Maxwell and members of the Maxwell group of companies. He would continue to serve on several boards of Maxwell companies in France and the Soviet Union.

It has not yet been decided whether Mr Anselmini will be replaced. Plans for a demerger of the company's US interests would leave MCC a much smaller company.

pany representing the South African Myerson family, yesterday bought a 14.6 per cent stake in Liberty Textiles, a manufacturer and retailer. This increased Concerto's total holding to 15.08 per cent.

Mr Brian Myerson, an expatriate South African investor and spokesman for Concerto, said: "The stake is an investment that we consider to be one of the last of the traditional brand names. Everything else has either gone to the Japanese or belongs to another group."

Mr Myerson reiterated that statement made in September when Concerto bought its original stake in Liberty Textiles.

Liberty said it had as yet had no contact with Concerto but pointed out that over 50 per cent of the company's voting shares were family-held.

Concerto acquired the 1,668 shares from the Merchant Navy Officers Pension Fund, which retains 4.5 per cent.

Liberty's shares remained unchanged at 658p yesterday as Concerto's intention to increase its shareholding has been well-publicised.

BRITISH companies often find the going tough in Germany, but they seldom complain that their product is too sophisticated for the most powerful economy in Europe.

That was the unusual explanation given by Christian Salvesen, the distribution, manufacturing and specialist hire group, when it recently announced a £12.5m withdrawal of its distribution contract with German frozen food subsidiary of Unilever, the Anglo-Dutch consumer products group.

Salvesen makes most of its money from distributing frozen fish and shell, and the leading British retail chains such as Marks and Spencer and Sainsbury.

The Edinburgh-based group hoped to build a similar business in Germany when it struck a deal with Unilever in 1970, the Unilever subsidiary, to deliver frozen food in 1967.

However, Salvesen found it could not make the same sort of margins on the distribution of frozen food as it does in business in Germany as it does in the UK. It is now pondering its next move in the German market.

Mr Chris Masters, who became chief executive at the end of 1989, blames the relatively undeveloped state of the German retail distribution system.

He says that in the two vast West Germany, the top five

food retailers have stores with an average floorspace of only 970 sq m, compared with 2,150 sq m in the UK and 4,360 sq m in France.

Whereas Aldi, the German budget chain, carries only 50 lines of frozen food, Salvensen recently opened its first UK store with 480 Kwik Save stores in the UK, which will involve delivering more than 530 different product lines each week.

Although the UK group is reviewing its options in Germany, Mr Masters is pressing ahead with expansion in France and the Netherlands, where the group has won the contract to handle Unilever's nationwide frozen food distribution.

The rethink in Germany flows from Mr Masters' strategy of concentrating on business areas where he believes he has a demonstrable, measurable and maintainable competitive edge.

This refoocusing led to last year's withdrawal from traditional 'hire and reward' trucking. The transport fleet was sold to a third party's long-term contract, in many cases with the vehicles bearing the liveries of the retailers it serves.


One painful consequence was the closure of the transport depot in Blairgowrie in Scotland, which Salvensen bought in 1988, marking the end of the group's transport business. Mr Masters acknowledges that it was not an easy



MR. CHRIS Masters, chief executive outside his company's Neasden London, which supplies clutter-free flagship store in Marble Hill, other M and S stores which limited stocks, so goods move out of the average of more than 100 out daily from the warehouse day, some within three hours stores staff using hand-held centre has a fleet of 22 vans between Neasden and Marble Hill. A 40-ton truck is arriving

decision, but insists: "There's no money in simple commodity transportation."

A group business which does make money is Aggreko, which manufactures and hires power generators around the world. Specialist hire, including Aggreko, made trading profits of £21.6m on sales of £26.4m in



Three Humphries
 executive of Christian Salvensen, men warehouse in north west shipping to the Marks and Spencer, Arch, Marble Arch and the Arch. Salvensen supplies carry to be rapidly replenished. Half 100,000 items of clothing sent are despatched on the same of the order being placed by computers. The distribution radio-controlled lorries playing Arch. At the peak periods, a ng every 15 minutes.

the year to March, compared with a trading profit of £27.5m from the group's core distribution business on sales of £248.1m.

The fast-growing Aggreko requires heavy capital expenditure. Last year the specialist hire division swallowed more than half the entire capital

spending of £102m, with new Aggreko operations being opened in Canada and Spain.

Salvesen's focus on the service even extends to the unglamorous and recession-strapped world of manufacturing bricks. In spite of a 12 per cent drop in national demand last year, Aggreko's brick volume was only slightly down.

Although margins were under pressure, it continued to make a return on capital of 20 per cent.

Salvesen accepts that the UK's retail distribution business is fairly mature, although it is constantly seeking to provide extra, added-value services, such as cleaning the containers in which food is transported.

However, the group is now looking at providing sophisticated warehouse and distribution services to manufacturers as well as retailers. It recently won a contract from a client to manage a warehouse in the London containing 200,000 computer components. Salvesen has guaranteed to have any component packed and ready for despatch within 20 minutes of receiving the order.

As for Germany, Mr Masters believes the retail sector there will be restricted for the foreseeable future by limited opening hours and planning curbs on the size of stores. He says: "We will concentrate on the manufacturers, who are in the driving seat in Germany."

0030	15.80	17.37	19.55
0040	15.85	17.43	19.61
0050	15.90	17.49	19.67
0060	15.95	17.55	19.73
0070	16.01	17.61	19.79
0080	16.06	17.67	19.85
0090	16.12	17.73	19.91
0100	16.17	17.79	19.97
0110	16.23	17.85	20.03
0120	16.28	17.91	20.09
0130	16.34	17.97	20.15
0140	16.39	18.03	20.21
0150	16.45	18.09	20.27
0160	16.50	18.15	20.33
0170	16.56	18.21	20.39
0180	16.61	18.27	20.45
0190	16.67	18.33	20.51
0200	16.72	18.39	20.57
0210	16.78	18.45	20.63
0220	16.83	18.51	20.69
0230	16.89	18.57	20.75
0240	16.94	18.63	20.81
0250	17.00	18.69	20.87
0260	17.05	18.75	20.93
0270	17.11	18.81	20.99
0280	17.16	18.87	21.05
0290	17.22	18.93	21.11
0300	17.27	18.99	21.17
0310	17.33	19.05	21.23
0320	17.38	19.11	21.29
0330	17.44	19.17	21.35
0340	17.49	19.23	21.41
0350	17.55	19.29	21.47
0360	17.60	19.35	21.53
0370	17.66	19.41	21.59
0380	17.71	19.47	21.65
0390	17.77	19.53	21.71
0400	17.82	19.59	21.77
0410	17.88	19.65	21.83
0420	17.93	19.71	21.89
0430	17.99	19.77	21.95
0440	18.04	19.83	22.01
0450	18.10	19.89	22.07
0460	18.15	19.95	22.13
0470	18.21	20.01	22.19
0480	18.26	20.07	22.25
0490	18.32	20.13	22.31
0500	18.37	20.19	22.37
0510	18.43	20.25	22.43
0520	18.48	20.31	22.49
0530	18.54	20.37	22.55
0540	18.59	20.43	22.61
0550	18.65	20.49	22.67
0560	18.70	20.55	22.73
0570	18.76	20.61	22.79
0580	18.81	20.67	22.85
0590	18.87	20.73	22.91
0600	18.92	20.79	22.97
0610	18.98	20.85	23.03
0620	19.03	20.91	23.09
0630	19.09	20.97	23.15
0640	19.14	21.03	23.21
0650	19.20	21.09	23.27
0660	19.25	21.15	23.33
0670	19.31	21.21	23.39
0680	19.36	21.27	23.45
0690	19.42	21.33	23.51
0700	19.47	21.39	23.57
0710	19.53	21.45	23.63
0720	19.58	21.51	23.69
0730	19.64	21.57	23.75
0740	19.69	21.63	23.81
0750	19.75	21.69	23.87
0760	19.80	21.75	23.93
0770	19.86	21.81	23.99
0780	19.91	21.87	24.05
0790	19.97	21.93	24.11
0800	20.02	21.99	24.17
0810	20.08	22.05	24.23
0820	20.13	22.11	24.29
0830	20.19	22.17	24.35
0840	20.24	22.23	24.41
0850	20.30	22.29	24.47
0860	20.35	22.35	24.53
0870	20.41	22.41	24.59
0880	20.46	22.47	24.65
0890	20.52	22.53	24.71
0900	20.57	22.59	24.77
0910	20.63	22.65	24.83
0920	20.68	22.71	24.89
0930	20.74	22.77	24.95
0940	20.79	22.83	25.01
0950	20.85	22.89	25.07</

Dividends shown pence per share net except where otherwise stated.
*Equivalent after allowing for scrip issue. †On capital increased by
rights and/or acquisition issues. \$USM stock. ‡For 18 months. Irish

FIXED INTEREST STOCKS							
Issue Price	Amount Paid up	Latest Balance Date	1991		Stock	Closing Price	+ or -
			High	Low			
100	F P		120	98 1/4	Caribbean Int. 10 Yrs. Bd. Deb. 2001	99 1/4	+1
100	F P		100	77 1/4	ExxonMobil 9 Yrs. Cr. Ln. 2000-2004	79 1/4	
100P	F P		111 1/4	93 1/4	Garrett Steel 20 Yr Bk Pr	112P	-1/4
	F P		104 1/4	95 1/4	Leak Seals. Over 1st Mtg Bk 2007	96	
100P	F P		106 1/4	102 3/4	Met West Bank 9 Yr Pr Series A	103 3/4	
	F P		107 1/4	107 1/4	Pratt Mfg Bk & Crs Ls 2001	107 1/4	

[illegible]

TRADITIONAL OPTIONS		
First Dealings	Oct. 7	London Share Service
Last Dealings	Oct. 18	Galls in Colorgen, Evode, First
Last Declarations	Jan. 9	Natl. Finance, Albert Fisher, Natl.
For settlement	Jan. 20	Home Loans and Proteus Int'l.

For rate indications see end of Puts in Kunick.

[illegible]

ECONOMIC DIARY

TODAY: European Community ministers hold informal meeting in the Netherlands. Leaders of Poland, Czechoslovakia and Hungary meet to draft joint initiative in Krakow (until 6 p.m.).

TOMORROW: Portuguese general election.

MONDAY: Credit business (August). Retail sales (August). US consumer credit (August). European Parliament in plenary session in Strasbourg (until October 11). European Community ministerial and financial ministers meet in Luxembourg. European Community transport council meets in Luxembourg. Financial Times holds conference on "The challenge of the new Europe - corporate strategies for new markets, new players in Europe" at the Hotel Inter-Continental in London. British Aerospace extraordinary meeting. Second Guinness fraud trial continues in Southwark. Expiry of three-month moratorium on independence moves agreed by Croatia and Slovenia under ceasefire brokered by the European Community.

TUESDAY: US wholesale sales figures for August. Conservative Party annual conference opens in Blackpool (until October 11). Informal meeting of the European Community financial ministers in Noordwijk. Hempted Soviet parliament. First session in Moscow.

WEDNESDAY: New earnings survey 1991 part B: analysis by agreement. International Monetary Fund holds annual meeting in Bangkok (until October 17). Financial Times holds conference on "Financial reporting in the UK" at the Hotel Inter-Continental in London. Cuba's ruling communist party begins its fourth congress in Havana.

THURSDAY: Usable steel production (September). Quarterly analysis of bank advances (June - August). Capital issues and redemptions (September). Retail prices index and tax and price index (September). US producer price index and retail sales for September. Mr John Major, prime minister, addresses Conservative Party conference. European Community environment ministers hold informal meeting in Amsterdam. European Community commerce ministers meet in The Hague.

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Employment data boosts dollar

THE DOLLAR moved higher yesterday on a bout of recovery after the latest US employment report revived confidence that the economy is about to slide back into recession.

The 24,000 person rise in non-farm payroll employment in September was close to market expectations. However, the August figures were revised to show an increase of 77,000 from 20,000, while the September employment rate fell to 6.7 per cent from 6.8 per cent.

Initially, the market was not sure how to react to the data. But gradually the dollar began to rise as operators were prompted to cover short positions amid a growing belief that there will be no immediate easing in US monetary policy.

Currency dealing was brisk in the wake of the employment report, particularly in dollar-pound and dollar-yen rates. Activity was busiest in the New York inter-bank market.

with corporate orders accounting for only a fraction of the daily turnover.

Despite the dollar's rise, economists said the employment report did not provide conclusive evidence that a strong recovery was underway. Together with weak figures for August, they believe the dollar's rise has merely been delayed.

Indeed, a disappointing set of retail sales figures for August on Friday could spur the Federal Reserve into easing policy, said Mr Steve Barrow at Chemical Bank in London.

The dollar closed higher in London at DM1.6775 from DM1.6650; at SF1.4670 from SF1.4565; and at FF9.7125 from FF9.6725. On the Bank of England's figures, the dollar's index rose 0.1 point to 64.2.

After London closed the dollar continued to edge higher in New York as the Federal Reserve signalled no change in rates in its money market operations.

The yen shrugged off the dollar's strength and continued to push higher on widespread suggestions that the Group of Seven finance ministers meeting next weekend will agree to revalue the Japanese currency.

Japanese officials were again trying to reassure dealers that they did not want the yen to appreciate, although there is a suspicion that they are happy to see a gradual rise in the yen in advance of the meeting, thereby avoiding domestic accusations of wilting under US pressure.

The dollar fell back to Y129.95 from Y130.75, while sterling slipped to Y226.25 from Y227.5.

Sterling began the session easier on speculation that it would move to the narrow band within the ERM. But the suggestion was quickly discounted and sterling recovered. Sterling finished higher at DM2.9175 from DM2.9150; at FF9.9350 from FF9.9300; and at SF2.5525 from SF2.5500.

FINANCIAL FUTURES AND OPTIONS

LIFE LONG LIFE FUTURES OPTIONS

Strike	Call	Put	Call	Put
93	2.41	4.19	0.15	0.25
94	2.10	3.52	0.16	0.27
95	2.10	3.11	0.33	0.37
96	0.55	1.41	0.44	1.19
97	0.51	1.13	1.37	2.19
98	0.53	0.90	2.23	3.19
99	0.49	0.38	3.15	4.34

Estimated volume total, Call 1170 Put 1640
Previous day's open, Call 2753 Put 14547

LIFE EURO AREA FUTURES OPTIONS

Strike	Call	Put	Call	Put
93	0.75	0.75	0.01	0.01
94	0.64	0.75	0.01	0.01
95	0.59	0.75	0.01	0.01
96	0.57	0.75	0.01	0.01
97	0.57	0.75	0.01	0.01
98	0.57	0.75	0.01	0.01
99	0.57	0.75	0.01	0.01

Estimated volume total, Call 990 Put 1317
Previous day's open, Call 1926 Put 14425

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Strike	Call	Put	Call	Put
93	0.75	0.75	0.01	0.01
94	0.64	0.75	0.01	0.01
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LIFE TREASURY BOND FUTURES OPTIONS

Strike	Call	Put	Call	Put
93	2.41	4.19	0.15	0.25
94	2.10	3.52	0.16	0.27
95	2.10	3.11	0.33	0.37
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LIFE TREASURY BOND FUTURES OPTIONS

LONDON STOCK EXCHANGE Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Service.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Telford system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 55(2) states that not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. † Bargains done the previous day.

British Funds, etc

No. of bargains included 1612

Shoemaker 100% Sub 2002 - 2107% (2002)

Guaranteed Investment Finance Corp PLC

125% Sub 2002 (2002) - 2117% (2002)

Corporation and County

No. of bargains included 4

Corp of London 50% Sub 2002 - 234 (2002)

Greater London Council 50% Sub 2002 - 234 (2002)

Nottingham Corp 50% Sub 2002 - 234 (2002)

Swansea Corp 50% Sub 2002 - 234 (2002)

UK Public Boards

No. of bargains included 1

Agricultural Mortgage Corp PLC 50% Sub 2002 - 234 (2002)

75% Sub 2002 - 234 (2002)

Foreign Stocks, Bonds, etc

(coupons payable in London)

No. of bargains included 35

Intergovernmental 0.875% Sub 1998 - 234 (2002)

Spain Govt 0.875% Sub 1998 - 234 (2002)

Spain Govt 0.875% Sub 1998 - 234 (2002)

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Banks and Discount

No. of bargains included 1812

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LONDON STOCK EXCHANGE

Early losses recovered in thin trade

By Terry Byland, UK Stock Market Editor

THE UK stock market rounded off the week, and the first leg of the two week equity trading account, in subdued mood. Speculative excitement died away yesterday and there were fewer features on the corporate reporting front.

After a first shedding more than 10 Footsie points in a therapeutic session, London rallied when Wall Street reversed its recent weakness in early trading to make another run at the Dow 3,000 mark. The final reading put the FT-SE index at 2,624.6 with the day's loss reduced to only one point.

The first anniversary of Britain's participation in the ERM inspired a few unconvincing suggestions that sterling would move this weekend to the narrow band of agreed currency range, but few traders

Account Dealing Dates			
First Dealing	Second Dealing	Third Dealing	Fourth Dealing
20 Sep	27 Sep	4 Oct	11 Oct
27 Sep	4 Oct	11 Oct	18 Oct
4 Oct	11 Oct	18 Oct	25 Oct
11 Oct	18 Oct	25 Oct	1 Nov
18 Oct	25 Oct	1 Nov	8 Nov
25 Oct	1 Nov	8 Nov	15 Nov

*Non-dealing days may take place from 2.30 am to 2.55 pm on the day.

took the tales seriously.

Government bonds moved higher in early trading but then quietened down. At the end of the session, gains had been trimmed to around 1/4 of the longer end of the range.

Currency influences had little effect on the blue chip international, where very small gains were the order of the day. Glaxo attracted some interest but ICI and British Petroleum stayed close to over-

night levels in spite of the early rally on Wall Street.

Trading volume in British Aerospace, which dominated the market this week on bid speculation, was much reduced and the shares drifted lower. Turnover across the full range of the market was unexciting, and the S&P network recorded only 457.1m shares through the system compared with 511.9m on Thursday. There was a noticeable absence of the share placings which have featured in the market in recent weeks and have attracted most of the institutional interest.

The reduction in equity business reflected market perceptions that the final quarter of the year may prove less exciting than the three-month period to end of September. Some analysts believe that the

annual conference of the Conservative party next week may coincide with another half point cut to 10 per cent in UK base rates; but they also admit that any further reduction below 10 per cent is unlikely in the foreseeable future.

Although the corporate reporting list is lighter next week, the market still fears that further evidence of the damage inflicted on company profits by the recession will surface before the end of the year.

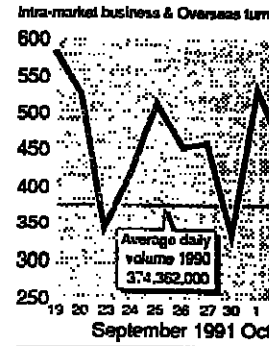
S.G. Warburg, however, commented this week that the combination of a recovery in earnings and low inflation augurs well for further progress in the stock market in the first half of next year. Warburg predicts a Footsie at 2,900 by June.

● Retail turnover levelled off this week as the market entered the final quarter of 1991. However, volume exceeded last year's averages.

London SE volume

Turnover by volume (million)

Each intra-market business & overseas turnover



Royal hit by re-rating

A MOVE by Standard & Poor's, the US credit rating agency, to put Royal Insurance on "Credit-watch" continued to underpin negative sentiment in shares of the UK composite insurer, which dropped to a year's low of 34p before trading to close 11 off at 35p. Turnover, however, was a lowly 1m shares.

Insurance specialists said the rating downgrade related to Royal's claims-paying ability which moved from "excellent" to "offers strong financial security", "hardly cause for concern", as one specialist said. He added that the market remained worried about Royal's exposure to loss-making mortgage indemnity business.

There have been earlier reports that Royal's final dividend may be jeopardised by ongoing losses in mortgage indemnity and that the third quarter results, scheduled for early November, may well bring a rights issue with them.

Glaxo active

Some marketmakers pushed Glaxo higher in an effort to take advantage of a holding of shares bought at a lower price. The market was prepared to see a rise in the Glaxo price because the company had just announced a deal with Sanofi of Japan to market an oral diabetes drug in Europe.

The stock climbed 12 to 340p, the first time it has closed above 300, despite the fact that analysts played down the significance of the Sanofi deal. "It might sell \$100m a year eventually but won't be launched until around 1993," said Mr Robin Gilbert of James Capel.

Builders lower

A series of profits downgrades in the building materials sector produced widespread falls in share prices across the range. Hoare Govett was one among several securities firms to take a red pen to estimates for Haworth, Rugby Group, Meyer International and BPS Industries.

Mr Donald Anderson at Hoare said the downward adjustments to estimates were made because of the bearish news emanating from many of the building sector companies that reported during the recent results period. He added that

next year's general election would have a big effect on the housing market.

The Hoare analyst cut his current year estimate for BPS from 250m to 250m and said plasterboard prices throughout Europe are on the slide. Rugby lost 4 to 17p, as did Hepworth, 35p. BPS slipped 3 to 18p and Meyer 5 1/4 to 44p.

Composite insurers drifted in thin trading, with Commercial Union 7 off at 48p despite widespread scepticism around the market over this week's stories that Sun Alliance may sell its 14.6 per cent stake.

An agency cross transacted at 47p signalled the day's low point for First National Finance. The shares later rallied to end unchanged on the day at 54p. The share price halved this week after FNF's stockbroker forecast a 25m loss for the group.

Steady US demand pushed Hanson 2 1/4 better to 224 1/2p, while heavy buying in New York of shares in fast growing pharmaceutical company Medeva took its shares another 3 better to a new high of 189p. US investors have been able since Monday to trade Medeva ADRs (American depositary receipts), through which US investors usually hold UK shares.

British Aerospace shrugged off continued bid speculation and fell 12 to 408p in early trading. The shares rallied later to close 8 down lower at 415p on meagre turnover.

A mark up by dealers combined with sporadic buying

activity helped Dowry Group to gain 7 to 160p. A stock overhang weakened BHP Group, the shares easing 5 to 35p. Recent talk of a bid for FR Group faded and the shares retreated 6 1/4 to 167 1/2p. Good two-way business was noted in Rolls-Royce though the shares gave up a penny to 145p on turnover of 3.4m.

British Airways firmed 1 1/4 to 182 1/2p on turnover of 2m with Charterhouse Tilney continuing to show keen interest in the shares.

News that Capital Group, a Californian investment management group, had acquired a 9.1 per cent interest in News Corporation, Mr Rupert Murdoch's media group, boosted the company's UK subsidiary News International. The shares climbed 15 to 210p.

There was heavy trading in Seatchi & Seatchi, much of it originating from the US. Business was stimulated by news that ESL partners 11, the Dallas-based fund manager, which played a leading role in Seatchi's rescue earlier in the year, had sold more than 22m shares to bring its stake below 3 per cent. Yesterday, Seatchi shares eased 1/4 to 15p as 30m changed hands.

Bid stories continued to swirl around the stores sector, helping to boost prices in two companies long-rumoured as takeover targets. Tesco was said to be sizing up both Storehouse and Burton. Tesco would not comment but Storehouse added 4 to 108p and Burton climbed 3 1/4 to 47 1/2p.

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (25)
BRITISH FUELS (2) 10-95, 12-95, 13-95, 14-95, 15-95, 16-95, 17-95, 18-95, 19-95, 20-95, 21-95, 22-95, 23-95, 24-95, 25-95, 26-95, 27-95, 28-95, 29-95, 30-95, 31-95, 32-95, 33-95, 34-95, 35-95, 36-95, 37-95, 38-95, 39-95, 40-95, 41-95, 42-95, 43-95, 44-95, 45-95, 46-95, 47-95, 48-95, 49-95, 50-95, 51-95, 52-95, 53-95, 54-95, 55-95, 56-95, 57-95, 58-95, 59-95, 60-95, 61-95, 62-95, 63-95, 64-95, 65-95, 66-95, 67-95, 68-95, 69-95, 70-95, 71-95, 72-95, 73-95, 74-95, 75-95, 76-95, 77-95, 78-95, 79-95, 80-95, 81-95, 82-95, 83-95, 84-95, 85-95, 86-95, 87-95, 88-95, 89-95, 90-95, 91-95, 92-95, 93-95, 94-95, 95-95, 96-95, 97-95, 98-95, 99-95, 100-95, 101-95, 102-95, 103-95, 104-95, 105-95, 106-95, 107-95, 108-95, 109-95, 110-95, 111-95, 112-95, 113-95, 114-95, 115-95, 116-95, 117-95, 118-95, 119-95, 120-95, 121-95, 122-95, 123-95, 124-95, 125-95, 126-95, 127-95, 128-95, 129-95, 130-95, 131-95, 132-95, 133-95, 134-95, 135-95, 136-95, 137-95, 138-95, 139-95, 140-95, 141-95, 142-95, 143-95, 144-95, 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Company	Assets	Liabilities	Company	Assets	Liabilities	Company	Assets	Liabilities	Company	Assets	Liabilities	Company	Assets	Liabilities	Company	Assets	Liabilities	Company	Assets	Liabilities	Company	Assets	Liabilities
N & P Life Assurance Ltd	100.0	100.0	Provident Capital Life Assn Co Ltd	100.0	100.0	Royal Heritage Life Assurance Ltd-Contd.	100.0	100.0	Standard Life Assurance Co Ltd-Contd.	100.0	100.0	Target Life Assurance Co Ltd-Contd.	100.0	100.0	Fidelity International Ltd	100.0	100.0	International Financial PLC	100.0	100.0	Lazard Freres & Co Ltd	100.0	100.0
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WORLD STOCK MARKETS

AMERICA

Dow loses early gains in absence of rates move

Wall Street

A MODEST rise in the number of people employed in the non-farm sector, and lower bond yields helped give stock prices a early boost yesterday morning, but in the absence of the hoped-for interest rate cut, all of the gains were given back by midday.

The Dow Jones Industrial Average was up 0.88 at 2,985.47, having been 15 points higher at mid-morning. The more broadly based Standard & Poor's 500 was slightly weaker at the halfway mark, down 0.68 at 383.79 at 1 p.m., while the Nasdaq composite of over-the-counter issues, helped by a buoyant technology sector, gained 1.30 at 521.71. Turnover on the New York Stock Exchange was 101m shares by 1 p.m.

The news that non-farm payrolls rose by 24,000 in September spurred some early buying, but the figure was not far enough below market estimates to trigger an immediate easing of monetary policy by the Federal Reserve. Although bond prices rose in expectation of a rate cut (the benchmark

30-year Treasury issue was up 1/4 to 103 1/2 at midday, yielding 7.822 per cent), share prices failed to maintain their early strength, unsettled by worries about the approaching third quarter corporate earnings season.

Among individual stocks, American Express weakened a further 3/4 to \$22 1/2 on turnover of 3.2m shares after its forecast earlier in the week of substantial third quarter charges because of an increase in provisions against credit card loan losses.

RJR Nabisco slipped 3/4 to \$10 1/4 on turnover of 1.6m shares as arbitrageurs continued to switch out of the common stock and into the preferred in the wake of Thursday's announcement that it plans to swap the two forms of stock.

Chrysler edged 3/4 higher to \$10 1/4 as the market expressed its approval of the successful sale of 35m shares on Tuesday. The issue was oversubscribed and priced at a higher mark than many analysts had expected.

Concern about longer term earnings prospects troubled airline stocks. Delta fell 3/4 to \$62 1/4, UAL gave up 1/4 to \$62 1/4.

\$121 1/4. AMR, the parent of American Airlines, slipped 3/4 to \$54 1/4 and US Air, which is reportedly asking its employees to take substantial pay cuts to reduce losses, fell 3/4 to \$8 1/4.

On the over-the-counter market, technology stocks were in demand, with Apple up 3/4 at \$48 1/4, Intel up 1/4 at \$40 1/4, Sun Microsystems up 3/4 at \$28 1/4 and Lotus Development 3/4 higher at \$27 1/4.

Canada

TORONTO stocks slipped slightly at midday in dull trade. Cyclical stocks such as metals and mining continued to pull the market down, while investors sought interest rate-sensitive stocks such as utilities and telecommunications.

The TSX-300 was down 8.18 to 3,385.19 on 11.8m shares. Declines led advances by 139 to 110.

The Metals and Minerals index fell 12.33 to 2,792.49, weighed down by Inco which fell 3/4 to C\$38 1/4 at midday. Forestry companies also slumped, with Noranda Forest slipping 3/4 to C\$37 1/4 and MacMillan Bloedel 3/4 to C\$16 1/4.

Country versus industry debate in Europe

The traditional approach to stock selection still has its advantages, writes Peter Martin

SHOULD YOU try to manage money by making pan-European stock and sectoral choices? Or is the traditional approach — pick a stock market first, then make sector or stock selections — still the best approach?

Over the past couple of years, European stockbrokers have started to reorganise their research teams to allow the first approach. But there is precious little evidence that investors are, as yet, adopting it on a large scale. The only exception, perhaps, is in a few sectors such as chemicals or pharmaceuticals where the big companies are truly global and are thought to move more in line with one another than with their local markets.

Now a study by Mr Sushil Wadhvani of Goldman Sachs International argues that this investor caution is correct. If European markets have converged, the argument is, that is only because they have all started to move more closely in line with the US market. Consequently, says the study, "the 'country factor' easily dominates the 'industry factor' in explaining an individual company's stock market performance."

The arguments that underlie this conclusion are statistical. They start from the undoubted fact that interest rate changes have become noticeably more highly correlated since the inception of the European Monetary System. At first glance, equity market movements have also become more highly correlated, at least in the 1985-91 period. Indeed, over these years, the average correlation between the equity markets in France, Germany, Italy, and the Netherlands — five of the core countries of the EMS — was 0.61. This figure implies that nearly two thirds of the time the markets were moving together.

However, if you look at correlations between these markets and the US, you get a similar increase in convergence. The average correlation in the 1985-91 period worked out 0.57, not far off the intra-European figure.

Another set of statistical tests suggests that the effect of the US market on individual European markets had actually risen in the post-ERM period, while the effect of the rest of Europe had fallen. Mr Wadh-

wani is at a loss to explain quite why, though he suggests a couple of reasons: that a higher proportion of the profits of European companies are

(in statistical terms, at least) the variance of the weekly returns among stocks comprising the FT-Actuaries World Index.

The table shows how one percentage point changes in national market or European sector indices affect individual share prices. In France and Switzerland the country effect is four times greater than the industry effect; in Italy, Spain and Sweden five times. In Germany, the country factor also out-weighs the industry factor, though not by as much.

"The only exception is the UK," says the study, "but even there the country factor explains as much as the European sector."

"These results suggest that, in general, the European markets are still relatively segmented. Consequently, a country analyst is still extremely useful."

It is hard to argue with that conclusion. Still, the striking thing about the table is that it shows that the markets which are most segmented are those which have distinctive national characteristics, such as influential state-owned investment institutions, strong

now earned in the US, and that US share prices influence European ones partly by acting as a signal of changes in sentiment.

He points out, though, that it is hard to see why this should have become a more important factor in the late 1980s.

The final set of statistical tests compare the influence of the country factor and the industry factor in explaining

ments, lost 1 cent to 41 cents on unusually heavy turnover of 5.9m shares. The company has been in discussions this week with the stock exchange watchdog regarding its investigation of the Robt. Jones staff share scheme.

HONG KONG declined on profit-taking after a six-day rally to record levels, and as some shares went ex-dividend. The Hang Seng index fell 25.72 to 4,067.69, up 3.3 per cent on the week. Turnover was steady at HK\$1.63bn after HK\$1.65bn. Utilities, which had posted the best gains in recent sessions, registered the steepest losses while bank and property companies fell moderately.

AUSTRALIA held its ground. The All Ordinaries index added 2.1 to 1,587.1, up 1.8 per cent on the week, as turnover fell to A\$188m from A\$193m. Woodside Petroleum rose 2 cents to A\$4.00 in active trading; investors were attracted by the com-

pany's potential as a liquefied natural gas producer.

SEOUL surged on speculative buying after Thursday's holiday. The composite index closed at 720.53, up 15.85 from Wednesday, and up 5.1 per cent on the week. Turnover rose to Won458.1bn after Won208bn on Wednesday.

SINGAPORE closed off the day's lows on late buying interest. The Straits Times Industrial index closed at 1,352.30, down 7.11, and down 1.5 per cent on the week. Volume rose to 34.52m shares from 27.96m.

KUALA LUMPUR fell for the fifth day on stop-loss selling and lack of buying support. The composite index fell 5.08 to 513.11, down 8.3 per cent on the week, as volume rose to 22.8m shares from 17.8m.

BOMBAY dropped for a second day running on credit squeeze fears, the BSE index closing 42.47 lower at 1,773.15, down 5.2 per cent on the week.

EUROPE

Paris and Milan bear the brunt in a weak session

Bourses were mostly weaker, writes Our Markets Staff.

PARIS briefly showed the resistance level of 1,850 on selling prompted by a report that Socialist Party leaders were putting pressure on the economic minister, Mr Pierre Bérégovoy, to resign. The minister denied the rumours and a firm start on Wall Street helped the CAC-40 index come off the day's low of 1,843.35 to close 15.20 lower at 1,851.01, down 1.7 per cent on the week. Volume was estimated at a modest FF1.5bn after Thursday's L1.07bn.

Analysts said that the political uncertainty, the recent spate of rights issues and fading expectations of an interest rate cut all weighed on the stock market.

Aventis Havas was one of the day's "biggest" losers after reporting disappointing interim results. The stock fell FF4.70 to FF213.50.

MILAN came off the day's low on a late rebound but trading was nervous. Investors were discouraged by trade union opposition to the 1992 budget law. The Comit index fell 5.37 to 539.03 in turnover estimated at less than Thursday's L1.00bn.

Generali fell more than 2 per cent in early trading on news that its L1.75 trillion capital increase had been referred to the EC executive commission by Italy's anti-trust authority. The stock ended L460 lower at L25.00 after trading.

Olivetti eased L15 to L3.45 as Nomura issued a sell note in the wake of interim results which suggested a further round of rationalisation. But in telecommunications, Sip resisted the bearish trend and closed at L1,187.50, down L1.50.

STOCKHOLM closed slightly lower as a strong opening faded out. The Affarsvården General index fell 9.80 to 1,029.3, little changed on the week, in turnover of SKr261m after SKr296m.

Shares had risen at the start after a forceful policy declaration by the new prime minister Mr Carl Bildt, who promised to cut taxes and encourage small

FT-SE Eurotrack 100 - Oct 4

Hourly changes								
Open	11 am	Noon	1 pm	2 pm	3 pm	4 pm	Close	
1096.85	1097.00	1097.69	1096.98	1096.16	1097.52	1097.30	1098.21	
Day's High				1098.70	Day's Low			1094.63
Oct 3	Oct 2	Oct 1	Sep 30	Sep 27				
1102.18	1104.34	1105.95	1100.47	1104.16				

Base value 100 (25/10/89) 1 Point.

idday, after DM3.7bn on Wednesday, and special and specialist situations showed the main price changes. Porsche, the bombed out stock in the car sector, rose DM19 to DM691 on low volume buying; and Linotype-Hell, which disappointed German analysts

businesses.

Skandia rose SKr13 to SKr193 on rumours from Oslo of a takeover bid by the Norwegian insurer Uni Storebrand. Uni Storebrand later denied the story.

BRUSSELS heard that the Belgian prime minister, Mr Wilfried Martens, had submitted his resignation to King Baudouin. The Bel-20 index, down to 1,066.31 at one point, recovered to close at 1,102.43, 4.69 lower on the day and 1.4 per cent higher on the week.

AMSTERDAM came off the day's low on Wall Street's early rise. The CBS Tendency index was 0.11 off at 89.4, down 1 per cent on the week.

The trading group, Hagemeyer, rose 50 cents to FF123.30. Yesterday it said it had issued 500,000 new shares worth FF160m in a private placement with three institutional investors.

COPENHAGEN saw banks in further decline. Bixuben falling DKr14 to DKr297 on Thursday's rights issue news, and Den Danske Bank closing DKr4 lower at DKr315.

ZURICH featured a SF750 fall to SFr3,020 in the insurer Elvia, second on the active list, after Swiss Re said it was prepared to buy any Elvia shares at SFr3,000. Last week, Swiss Re said that it planned to take a substantial stake in Elvia by buying 80,000 new shares at SFr3,000 each.

LISBON registered gains of 4.2 to 6.5 per cent in some of the more liquid, blue chip stocks ahead of tomorrow's general elections. MADRID's general index closed 2.10 lower at 2,653.31, 3.4 per cent lower on the week.

JOHANNESBURG extended Thursday's gains but trading was cautious ahead of the weekend. The JSE all-gold index added 1.18 to 1,857.50, up 0.61 per cent on the week. The overall index rose 16 to 3,389.

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DRAPERY AND STORES—Contd

1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	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1 Not officially UK listed; deals/permissions under rule
 2 554A, not listed on Stock Exchange and company not
 3 subjected to same degree of regulation as listed securities.
 4 Price at time of acquisition
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The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

REGIONAL & IRISH STOCKS		REGIONAL & IRISH STOCKS	
Crilly & Ryan, Ltd.	640	Holton Hides	30
Crilly Pulp, Ltd.	190	Midland V.	170
Crilly Pulp, Ltd. (A)	190		
Crilly Pulp, Ltd. (B)	190		
Crilly Pulp, Ltd. (C)	190		
Crilly Pulp, Ltd. (D)	190		
Crilly Pulp, Ltd. (E)	190		
Crilly Pulp, Ltd. (F)	190		
Crilly Pulp, Ltd. (G)	190		
Crilly Pulp, Ltd. (H)	190		
Crilly Pulp, Ltd. (I)	190		
Crilly Pulp, Ltd. (J)	190		
Crilly Pulp, Ltd. (K)	190		
Crilly Pulp, Ltd. (L)	190		
Crilly Pulp, Ltd. (M)	190		
Crilly Pulp, Ltd. (N)	190		
Crilly Pulp, Ltd. (O)	190		
Crilly Pulp, Ltd. (P)	190		
Crilly Pulp, Ltd. (Q)	190		
Crilly Pulp, Ltd. (R)	190		
Crilly Pulp, Ltd. (S)	190		
Crilly Pulp, Ltd. (T)	190		
Crilly Pulp, Ltd. (U)	190		
Crilly Pulp, Ltd. (V)	190		
Crilly Pulp, Ltd. (W)	190		
Crilly Pulp, Ltd. (X)	190		
Crilly Pulp, Ltd. (Y)	190		
Crilly Pulp, Ltd. (Z)	190		

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Kaifu loses support of party heavyweights over attempt to bring in political reform

Japan's prime minister to stand down

By Stefan Wagstyl in Tokyo

MR TOSHIKI KAIFU, Japanese prime minister, yesterday said he would not seek re-election when his term of office expires at the end of the month. He has thereby submitted to a hopeless battle of wills with senior leaders of his Liberal Democratic Party.

Mr Kaifu had been favourite in the election race. The move creates great uncertainty about who will become Japan's next prime minister. LDP chiefs are likely to be absorbed by the contest over the coming weeks.

Arguments over party leadership will, at least temporarily, make it more difficult for Japan to reach decisions on

international issues such as Soviet aid and the Gatt trade talks.

Mr Kaifu found himself this week pitted against Mr Noboru Takeshita and Mr Shin Kanemaru, chiefs of the LDP's biggest faction and Mr Kaifu's most important political backers. Mr Takeshita installed Mr Kaifu in office two years ago with a mandate to clean up the image of the scandal-tainted LDP after the Recruit bribery affair.

Mr Kaifu committed himself vehemently to political reform and succeeded in recovering public support for the party. But inside the LDP he remained a puppet of Mr Takeshita,

unable to build his own following.

This summer Mr Kaifu introduced into the Diet (parliament) several political reform bills. When party chiefs scrapped the bills on Monday, to their surprise, Mr Kaifu exploded with rage, threatened to dissolve his cabinet and call a general election.

By Tuesday, Mr Kaifu had withdrawn his threats, mollified by signs that the party might be willing to compromise. By Thursday it became clear that they would not.

According to one of Mr Takeshita's aides, the prime minister tried again to persuade cabinet colleagues to support

a dissolution, calling them by telephone until 5am yesterday.

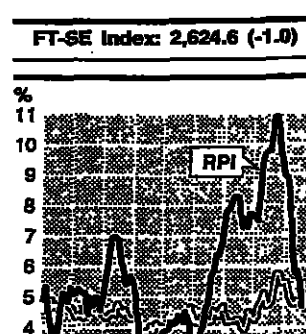
Mr Takeshita decided that Mr Kaifu could no longer be trusted. His faction accordingly abandoned the prime minister, but must now find a candidate within its own ranks.

Ironically, it is unlikely to unearth a candidate as well liked by the public as Mr Kaifu. In spite of his political weakness, Mr Kaifu has been rated in opinion polls as the most popular prime minister ever. Even this week, his standing was close to its all-time high. Polls, however, played little part in the counsels of the LDP.

The threat of stable prices

There seems to be a growing feeling in the London markets that UK inflation is beaten. In the past three months, long gilt yields have fallen from 10.3 per cent to 9.5 per cent. James Capel talks of core inflation at 2 per cent — in other words, price stability — by 1993.

Mostly, this is put down to the disciplinary effects of ERM membership. For the real optimists, there has also been a lasting and purely domestic shift in UK productivity and wage inflation.



nominal cost. But their nominal return on the money will be lower as well.

The other radical change has to do with the valuation of UK equities against other investments. On the plus side, UK equity yields should continue to fall towards continental levels as the UK moves closer to monetary union. But within the UK, equities must lose much of their appeal relative to gilts. It is precisely because of inflationary expectations, after all, that gilts still yield twice as much as equities. The adjustment may well take place through a rise in gilt prices rather than a fall in equities. All in all, though, it seems very unlikely that equities will be as attractive an investment in the 1990s as they were in the 1980s.

low value of the bid as a proportion of turnover. It has taken the costs of restructuring above the line. Its profits are at the bottom of the cycle and poised for recovery.

Yet one has to go back as far as 1986 to find Rascal's operating margins in double digits. Williams normally expects to do much better, although there is no saying how far its true performance is affected by acquisition accounting or whether Rascal's business is capable of the margins Williams would normally expect. Considering the potential of Chubb, Williams' offer does not exactly look generous. But in so far as it has been trying to get at Rascal's assets on the cheap, it may not be interested in stumping up full price. With at least one other potential bidder, BTR, occupied elsewhere, that could leave Rascal looking high and dry.

Cars

There are two ways of looking at the 17 per cent decline in new UK car sales in September compared with the year before. One is that it marks a reversion to a disappointing trend after a drop of only 15 per cent in August. This view would be supported by signs that the rate of decline increased as the month progressed. It would also provide a motive for the once disdainful Rover's decision to join the ranks of the discounters. The August figure would then be a rogue improvement on earlier months sparked by the wide publicity given to discounts, even if these have been in practice rather less generous than the headlines suggested.

The other marginally less discouraging view is that after allowing for the distortions caused by discounting, the decline is still running at a much lower level than the 31 per cent level recorded as recently as June. That suggests a picture more broadly consistent with the pattern of previous recessions, when the rate of decline has bottomed out some six months before economic recovery took hold and 12 months before unemployment peaked. Only at the latter stage, however, has the car market traditionally started to show sustained recovery. On this basis, the worst might still be over, but the industry still faces a long and painful haul back to recovery. That is a thought which cannot escape anybody running a slide-rule over Rover as part of a wider plan for its British Aerospace parent.

Rascal/Williams

Rascal's defence document against the Williams' bid can best be termed a feeble reply to a weak attack. There is no profit forecast and the company avoids addressing Williams' criticism of its low margins. Much of its case is based on the Rascal management's record in increasing shareholder value. In recent times this was largely due to Vodafone, which has now been spun off and is thus irrelevant.

Perhaps Rascal can afford to be dismissive because its shares are trading at a premium of nearly 17 per cent to the 51p at which they are valued by Williams' all-paper bid. The market's assumption is that Williams will have to raise its offer and spice it with some cash to be taken seriously. But that poses the question of whether Rascal is worth more. The argument here is muddled by the target's own dismal recent profit record. Rascal itself prefers to dwell on the



End of the line: Croatian fighters captured by the Yugoslav army wait to be processed

Serbia

Continued from Page 1

The move came after a meeting of four pro-Serbian members of the eight-man Yugoslav state presidency, also attended by senior armed forces commanders. A partial mobilisation has been under way for several weeks, but this was the first official call-up order.

The presidency is being boycotted by non-Serbian members including Yugoslav President Stipe Mesic, a Croat, who has accused the four and the army of staging a virtual coup.

Mr Mesic accused the Yugoslav army yesterday of declaring war on his rebel republic by supporting Serbia and three allies on the divided state presidency.

Yesterday's political advance will not alone end the fighting. However, it addresses the core of the problem while safeguarding the two principles from which the EC has refused to budge: no redrawing of internal or international borders by force, and guaranteed rights for minorities.

The breakthrough was

achieved by the EC's adoption of a twin-track approach. Until now, the Community has insisted on a ceasefire as a precondition to substantive negotiations. But the failure of successive truces forced it to embark on political negotiations in tandem.

We've fused the political and peace process together in the hope of speeding up a ceasefire," said Lord Carrington.

He added: "This is the first time that the Serbs have recognised the right of the other republics to self-determination, subject to guarantees for the Serbian minority in Croatia."

Asked whether the "special status" for this minority referred to in the new agreement meant Serbian recognition of Croatia's pre-conflict borders, he said: "Yes, that's exactly what it does. It solves that problem."

Mr Milosevic had previously insisted that Yugoslavia's internal borders were purely administrative.

Sweden looks for economic revival

By Robert Taylor in Stockholm

DECLARING that "the age of collectivism in Sweden is over", Mr Carl Bildt, the new prime minister, yesterday unveiled a programme of radical economic and social reform aimed at reviving the economy and preparing the country for membership of the European Community by the end of 1994.

In his presentation to parliament of the policies agreed by the new coalition government of four non-socialist parties, he signalled "a clear and unequivocal change of course" for Sweden based on free market principles.

Mr Bildt made it clear that 60 years of social democratic domination are at an end. "All too often the state in Sweden had been a synonym for society," he said, adding that in "our Sweden" this would end.

He emphasised a new approach to private ownership with the encouragement of individual initiatives, private enterprise and widespread personal ownership and savings. He said his government will prepare SKr10bn (590m) to SKr15bn of public spending cuts for next year's budget.

Mr Bildt promised to alleviate the budget deficit through tight fiscal restraint and no net foreign borrowing by the state.

A package of tax-cutting measures will be introduced soon. The value added tax rate on food, tourism and transport will be cut from 25 per cent to 18 per cent from January.

Mr Bildt said further VAT cuts would be made, bringing

Sweden into line with the European Community.

The 0.5 per cent tax on stock market turnover will be abolished. After a positive initial response, shares turned lower in Stockholm yesterday, with the ASEA 100 index closing 9.80 down at 1,029.3.

Mr Bildt also announced sweeping changes in social policy. He spoke of "a revolution in freedom of choice in welfare" by encouraging private initiatives in areas like childcare and the health service.

Testing will be reintroduced into secondary schools. Mr Bildt also promised tougher measures to tackle Sweden's crime wave. The housing market is to be deregulated and protection of property rights written into the constitution.

The state monopoly of television and radio is to end.

Women will hold two key cabinet posts. Mrs Anne Wibble, a liberal, becomes finance minister and Ms Margaretha af Ugglas, a moderate, takes on the foreign affairs portfolio. A respected diplomat, Mr Ulf Dinkelspiel, has been made minister for Europe and will be responsible for Sweden's EC membership negotiations.

Mr Bengt Westerberg, Liberal party leader, becomes social minister and Mr Olof Johansson, head of the Centre party, takes on the environment department. Mr Alf Svensson of the Christian Democrats is to be aid minister.

Swedish growth plan, Page 2

Channel tunnel safety code forces freight service delay

By Andrew Taylor, Construction Correspondent

THE CHANNEL TUNNEL will not be able to offer a full service to freight traffic when it opens in 1993 because of design changes to shuttle wagons needed to meet safety standards.

The first dividend payment to shareholders of Eurotunnel, the tunnel operator, may be slightly delayed as a result.

It is the second time in less than 12 months that the Anglo-French intergovernmental safety commission, which oversees the project, has requested design changes.

Eurotunnel has agreed with the commission that shuttle

Winter of discontent ...Page 7

wagons carrying heavy goods vehicles should be enclosed in a light metal shell, instead of having latticed sides as previously planned.

The commission wants the wagons, which will include fire-fighting systems, to be enclosed because of fears of a blaze spreading if a lorry caught alight. Earlier this year, the commission requested that fire doors between wagons carrying cars and their passengers be widened by 10cm.

The design changes mean that Italian, Canadian, Belgian and French manufacturers will have insufficient time to deliver a full fleet of shuttle wagons by June 15 1993, when the tunnel is due to open. As a result, Eurotunnel will be able to provide only a restricted service for car passengers and freight lorries during the first few months of operation. It expects to be offering a full service by October 1993.

The group is expected to reveal the cost and revenue implications of the changes required when it publishes its annual report on Monday.

British doctors' leaders meet Major on health service reform

By Richard Evans and Allison Smith

BRITISH doctors' leaders are maintaining their strong opposition to the government's policies towards the National Health Service following an unpunctuated meeting with Mr John Major, the prime minister, earlier this week.

The British Medical Association, representing the country's doctors, published a discussion document yesterday setting out its agenda for the health service over the next few years, in which it criticised the lack of funding of the NHS by both Labour and Conservative governments.

BMA leaders had an icy relationship with Mrs Margaret Thatcher, the former prime

minister, and with Mr Kenneth Clarke, former health secretary. They are anxious not to become embroiled in a running argument with the government, and are relieved that a dialogue has started with Mr William Waldegrave, health secretary, and with Mr Major.

But after the meeting with Mr Major, at which he expressed puzzlement at the doctors' continuing opposition to the opening of NHS hospitals to self-governing trusts, there was no evidence that a closer understanding has yet been reached.

Health care has become a central election issue after the Labour party conference this

Poll keeps pressure on PM

Continued from Page 1

through fear of disrupting party unity. He admitted, in a pre-party conference interview published today, that the party had been divided on the poll tax and the approach to European negotiations. The latter had been solved and the poll tax had been abolished, he said.

The bill to introduce the council tax will be published early in the new parliamentary session, but people will still receive poll tax bills next spring.

Mr Major told The House magazine, Westminster's in-house journal, that the Tories would win the election, because they were trusted to run the economy.

Mr Jack Cunningham, Labour's campaign co-ordinator, said the Conservatives — who will gather next week in Blackpool — were living on "borrowed time". Labour had created an "unstoppable political momentum... We intend to give the Tories no respite."

Mr Kinnoch, surrounded by his shadow cabinet team, told exuberant delegates: "When we next meet together we shall meet in government, a government which will take our country, the whole of the country, to victories yet unseen."

Mr Kinnoch said he had been

determined never to see "democratic socialism" once more at the margins of British politics.

He appeared to admit implicitly that Labour had been unbeatable in the election of 1983, if not four years later, but now: "We have been earning the trust of people throughout the land."

● In Scotland, an opinion poll shows the Scottish National party increasing its support by 4 points, to poll 23 per cent, just one point behind the Tories. Half of the rise recorded in the System Three poll for the Glasgow Herald is at Labour's expense, cutting its standing to 49 per cent.

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THE FATE OF THE UNION

When Alistair Cooke took up journalism 60 years ago, progressive prophets were predicting revolution for US society. Now he fears a darker upheaval in America if it continues to follow the Roman road to decline

IN MY EARLY days as a journalist in the 1930s, I drank deep of the springs of prophecy, and they were gushing everywhere. Shaw, Wells, Count Keyserling, Aldous Huxley, Bertrand Russell, Havelock Ellis, JBS Haldane, John Dewey. They peered into the future, and offered progressive forms of life we had never dreamt of.

Eugenic breeding was the sure and sensible successor to our system of random marriage. Education would be liberated from dictated studies and become a matter of free choice and something joyful called "self-discovery." World government was just around the corner, because another Great War would extinguish the combatants in an early and vast cloud of poison gas.

Humane Socialism (ie Communism without the OGPU, MVD, KGB) would take over Europe as an

will it endure some patchwork surgery, or weaken and expire?

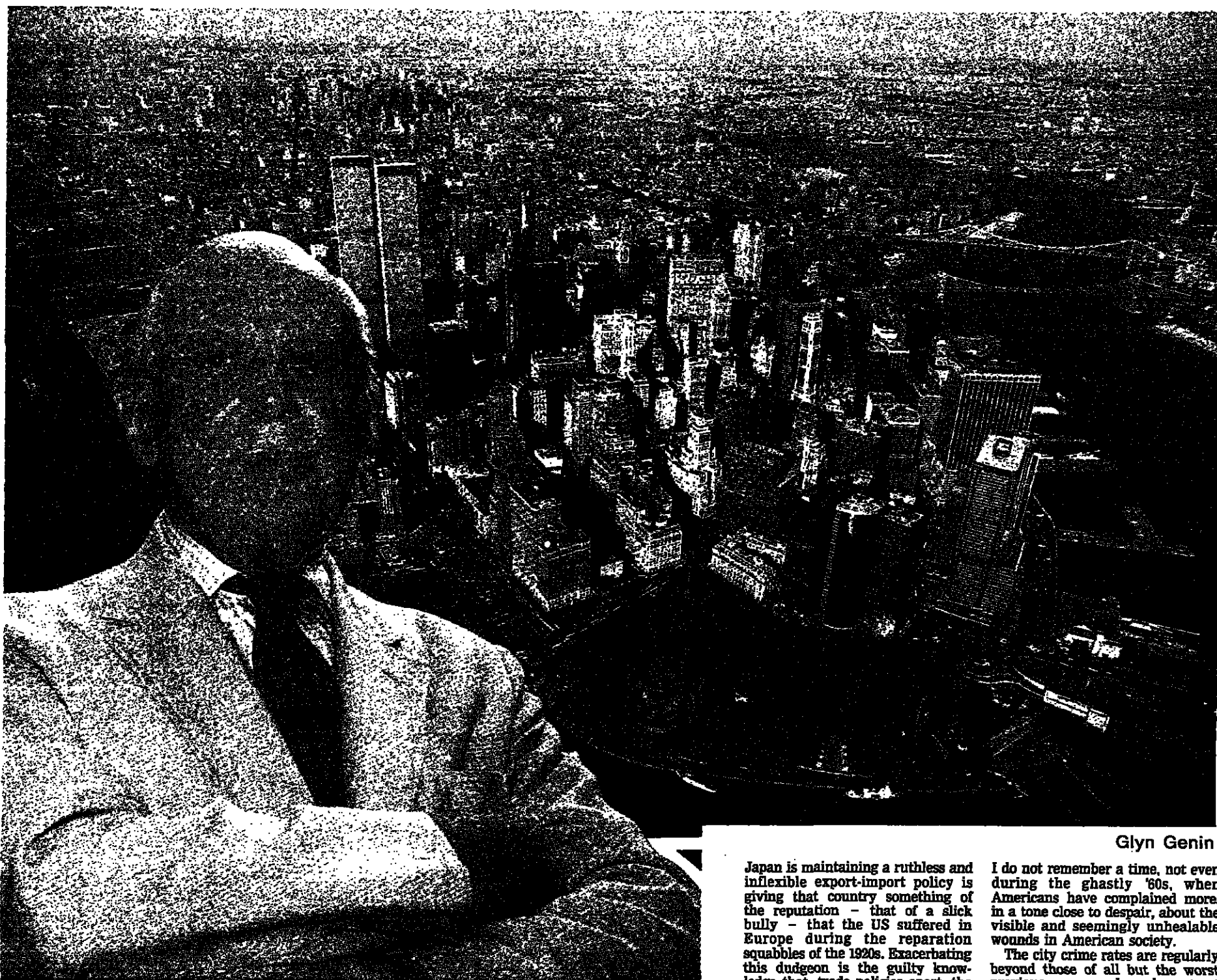
The etiology of decadence has remained much the same over the past 200 years, and Gibbon's diagnosis of the symptoms are still the most persuasive: "1. The injuries of time and nature. 2. The hostile attacks of the barbarians and the Christians. 3. The use and abuse of the materials. 4. The domestic quarrels of the Romans."

Flying in the teeth of Gibbon's conclusion that the fourth (internal hostilities) is "the most potent and formidable cause of destruction," powerful nations have always preferred to believe that the second cause (attacks from the outside) is decisive and the one that must be prevented by a large and ever-growing military establishment. Hence, the fear of decline has always been synonymous with the fear of invasion. And it is typical of the most popular texts on decline and fall that, having bowed to the regulation idea of a nation as an organism that grows, matures and then droops, they concentrate on the identity of the potential enemy.

Thus, 70 years ago, Oswald Spengler sent a shudder through the intelligentsia of Europe with his thesis that Western civilisation, being then in the last stage of its normal cycle of growth, maturity and decay, was about to suffer an interlude of Caesarism before being overrun and conquered by "the yellow races." It is true that at that point (1922) Japan was attaining something close to parity with its navy, and exotic small men were appearing in Lancashire dismembering the cotton mills and carting the machinery off to Japan. But not even the most paranoid geopolitician, or, come to that, the most chauvinist statesman foresaw in these manoeuvres the first lunge towards the Oriental conquest of Europe.

Spengler was asked how soon might this happen. "Soon," in his godlike vocabulary, turned out to mean 70, perhaps 100, years. Everybody relaxed or relaxed into the tensions of the time: staying off famine in central Europe, cheering or regretting the League of Nations, bobbing hair, sniping at "Uncle Shylock" and his pesky insistence on the repayment of war debts.

A dozen years later, Arnold Toynbee came along to agree with Spengler on the symptoms and traced them, with beguiling audacity, through the growth and decay of 21 earlier civilisations. He prescribed a wildly improbable cure: "a spiritual-



Glyn Genin

Japan is maintaining a ruthless and inflexible export-import policy is giving that country something of the reputation - that of a slick bully - that the US suffered in Europe during the reparations squabbles of the 1920s. Exacerbating this dudgeon is the guilty knowledge that, trade policies apart, the Japanese sales are higher because the goods are better. It may be that the ordinary citizen will begin to learn and fear the power of economic warfare, now that the superpower arms rivalry has dissolved with the Warsaw Pact and the fragmenting of the Soviet war machine.

I do not remember a time, not even during the ghastly '60s, when Americans have complained more, in a tone close to despair, about the visible and seemingly unhealable wounds in American society.

The city crime rates are regularly beyond those of all but the worst previous years, and random street crime at night matches the jottings of 18th century diaries. Drugs are a pestilence afflicting all classes and every age. We have just awakened to the discovery that for a long time, maybe for several decades, public education in America has been setting such easy and dithering standards that, at the least, a large minority, perhaps a majority, of high school graduates are in comparison with their European and

Turn to page XXII

SPECIAL AMERICAN ISSUE

inevitable move towards political maturity (but not in the ornery United States, which would go on with its mad marketeering and raucous individualism until - you'll see! - it would all come tumbling down. Which it did. In 1929, though even in dire depression the American system refused to succumb to the Wellman-Russell-Haldanean future.) None of the other things came true and today - my God, Eugenic Breeding! - have to be looked up in books of social history that record flagpole sitting and Major Douglas's Social Credit.

All that the failure of these majestic prophecies did to me was to plant a reluctance ever to write a piece called "Whither America?", which has been reinforced by the upheavals of the past two years in Europe, even more by the discovery that the post-war writings of all the famous Kremlinologists - wise and enlightening though they seemed at the time - became, after the autumn of 1989, totally irrelevant.

Since I do not intend to get trapped in the most recent theories of the American future (even Paul Kennedy's thesis of "imperial overstretch" seems oddly dated), I shall restrict myself to what is becoming a melancholy but prevalent parlour game: Is America in decay? If so,

ly-oriented" world society. A prospect, I must say, even more remote today than in the 1930s.

But one figure, of much influence, William Randolph Hearst, wary on a peak in northern California, looked out from the last American rampart across to the Sea of Japan, and rattled his nationwide chain of newspapers with a blood-and-thunder popularisation of Spengler - "the yellow peril," a campaign that was strident, unflagging and very comical, until December 7 1941.

A quarter century after Hearst, there appeared another, unlikely, herald of the wrath to come: President Johnson's Secretary of State, Dean Rusk, promoting the Vietnam adventure by offering us a cautionary nightmare, in which one billion or so Chinese - each with his own nuclear warhead - were about to lay waste Asia and then Los Angeles and Georgetown. This was the last we heard of the yellow peril as a military mammoth.

It has been succeeded by a notion of conquest which, while it may engross business and politicians, is plainly less fearsome to the citizenry at large - the definition of conquest as economic invasion, the penetration of international markets. I think it fair to say that in the US, anyway, this apprehension is generally felt only as it applies to Japanese goods flooding the docks and it is borne out by the opinion polls - is the anxiety about the ills of American society: Gibbon's Fourth Cause - decay from within.

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The Long View/Barry Riley

The profits of recession



THIS WON'T make you feel any better, but you should have been buying shares a year ago.

Performance tables are usually based upon calendar years, but the current bull market actually began at the end of the third quarter of 1990, when the stock markets in Britain and America, at least, were flat on their backs under the twin influences of the unfolding economic recession and the impending Gulf war. Japan, as it happened, absorbed in domestic problems, was also feeling gingerly for the bottom at that particular time.

Since then the gains have been handsome indeed. In the year to the end of September the US market as measured by the Standard & Poor's 500 Index was up 27 per cent, and for most foreign markets that topped up by a dollar gain, as you can see from the way that the FT-Actuaries USA national index, part of the World Index series, climbed by 37 per cent over the same period if expressed in sterling. As for the UK, the All-Share Index shows a gain of 32 per cent on the year.

London and New York, in fact, have recorded some of the most impressive strength in global terms over the past year. The bull market has completely bypassed countries such as Norway, Finland and Italy, while Germany is up only about 16 per cent in local currency terms. For the real action, however, you should have filled your cowboy boots in Mexico (up more than 150 per cent).

Stock markets often seem to be perverse, and the US and the UK are the only two big countries which have dived into economic recession. The American economy has shrunk marginally, the British economy by a more dramatic 3.7 per cent in the second quarter of the year, compared with the same period of 1990. And as the British recession has become more intense the UK stock market has begun to outperform. In the third quarter the All-Share climbed by 9 per cent, while the US market, if you take into account a weakening of the dollar, showed a

decline of nearly 4 per cent. The performances of individual companies provide few clues to the recent turn of speed of British share prices. True, dividend growth has been 6 per cent over the past year, which is slightly above inflation and better than might have been expected in the gloomy days of last midwinter (although too many of the dividends are being paid out of the proceeds of rights issues).

I note that the analysts at UBS Phillips & Drew are concerned because dividend cover has dropped below 2 for the first time since 1990. That reflects the sharply negative profits trend, with a drop of about 12½ per cent in earnings per share for the All-Share Index constituents over the past 12 months.

In one sense the London market has been strong because investors have been taking big bets on the speed of the profits recovery from now on. The interim results reason has painted a poor picture, but the general expectation is that second half profits will be higher than last year, and that 1992 will show some substantial gains: growth in the 15 to 20 per cent range is being talked about in the City (although dividends will be restrained by the need to restore cover).

But an important factor has also been the growing confidence about the economic and financial stability of Britain. It is a year this weekend since the UK took on full membership of the European Monetary System and gradually the doubts are being dispelled as inflation falls and the government accepts some unpleasant economic medicine.

That has shown up in the sparkling performance of gilt-edged securities in the third quarter when they outperformed all the other government bond markets; they provided, according to a calculation by Midland Montagu, a 17.5 per cent return to a dollar-based investor in three months. The fall in ten-year yields to roughly 9½ per cent (against 10½ per cent at the end of June) has provided a very favourable background for the equity market. As recently as April last year the yield was

13 per cent. Of course, the coming profits recovery will only bring share ratings down, in relative terms, from the ionosphere to the stratosphere. A pile on industrials of 15 is uncomfortably high, and it would take two years of strong earnings growth, not just one, to restore ratings to comfortable levels. So where could the next leg of the bull market get its spring from?

A lot of share prices have already come up a long way. In the past year the big gainers in the UK have included not only recovery sectors such as textiles, chemicals and banks (all around 50 per cent higher) and defensive growth sectors including telephone networks and health and household (also up by about half). Laggards include anything to do with defence, insurance, property or construction, and the oil sector had a bad year.

The market has already had to absorb £5bn of rights issues this year, with £5bn more to be mopped up by the forthcoming government sale of British Telecom shares. Next year the government will be cranking out gilt-edged issues on an unprecedented scale, at least in terms of nominal values, thus pre-empting a lot of investors' cash.

But in the UK there is no sign yet of the rush of private investor money into equities which might signal that the bull market was reaching a late stage. And there is plenty more scope for interest rates to come down further. The seeds of doubt come from the US, which is wallowing in debt and where the recovery from recession is looking uncertain. Meanwhile non-professional money has been piling into mutual funds, rather as it did in the summer of 1987.

There is thus a sizeable risk of the markets overreaching themselves before the profits recovery is confirmed. All the same, you have a decent chance of making some money in London stocks over the next 12 months - but not, I fear, anything like 90 per cent.

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low value of the bid as a portion of turnover. It has taken the costs of reorganising above the line, to make sure at the bottom of the bid. Yet one has to go back as far as 1966 to find a similar margin. Williams normally expects a much better, although the performance is affected by whether the assets are capable of the margin. Williams would normally expect a much better, although the performance is affected by whether the assets are capable of the margin. Williams would normally expect a much better, although the performance is affected by whether the assets are capable of the margin.

Cars

There are two ways of looking at the 17 per cent decline in new UK car sales in September compared with the year before. One is that it marks a reversion to a long pointing trend after a dip of only 10 per cent in August. This view would be supported by the fact that the rate of decline increased as the month progressed. It would also be a measure for the one to the other. The other view is that the August figure would be a more accurate measure of the car market's performance. It would be a more accurate measure of the car market's performance. It would be a more accurate measure of the car market's performance. It would be a more accurate measure of the car market's performance.

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THE WEEK IN PERSPECTIVE

FINANCE AND THE FAMILY

London Market

Kerb-crawling in the Strand

THE legal knight stopped for kerb-crawling at Kings Cross this week was in distinguished company. It seemed, for a time at any rate, as if other illustrious figures - from industry, the City, or the Continent - might be found kerb-crawling along the Strand, where British Aerospace has its headquarters.

Negotiations mumbled through car windows always sound alike: so do the excuses proffered by those caught in the act. "I thought the lady was in need of assistance," "I was practising for my advanced motorist's examination," "I was somewhere else at the time, with someone else altogether."

All these excuses, and others besides, were murmured into journalists' ears by those suspected of harbouring intentions towards British Aerospace's virtue. The first excuse seemed to be coming from those close to the top of GEC, whose senior executives appeared to be offering assistance all too vigorously rejected by the object of their attentions.

The second excuse seemed to come from those City folk in need of a certificate to hang on the wall - or rather an M&A tombstone to encase in perplex. And the third excuse came from those continental defence groups suspected of wishing to join a consortium to take control of BAE. Not only

were the companies in another country, but they had, they said, other alliances in mind. The stock market seemed to find the alibis more convincing than the suspicions. Reports from Tuesday onwards suggested that GEC or others might attempt to link with BAE in order to save the company from the effects of its deteriorating trading performance and bungled rights issue. Yet on Monday, before the first substantial report, BAE shares closed at 406p, 25p above the rights issue price. After rising to touch 435p on Wednesday, they drifted back again, to close on Friday at 415p, almost unchanged from the 413p of the previous week.

On Wednesday, British Aerospace was a runner up for an award for Most Improved Investor Relations. It was a verdict few shareholders who bought at this year's high of 664p would have felt like endorsing; but they will get their opportunity to render a definitive judgment at Monday's extraordinary general meeting to approve the rights issue, and in the take-up of the issue itself.

The BAE saga, implausible enough though it seemed, was robustly credible compared with the tale offered this week by Davies & Newman, the parent company for Dun-Air. No one was prepared to put their name in public to the various BAE tales; but in the case of D&N, the company chairman

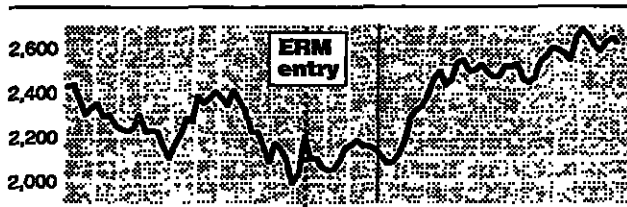
David James, the broker, County NatWest, and the company's adviser, Barings, were all falling over themselves to be associated with the story.

Heaven knows why. D&N, a company currently valued by the stock market at \$4.9m, raised \$48.3m by issuing 15 times as many shares as were currently in issue. In the process, the existing controlling shareholders, the Newman family, stand to see their 62 per cent stake diluted to about 4 per cent. Fees to banks to keep the company afloat since it nearly went into liquidation a year ago have amounted to \$8.75m.

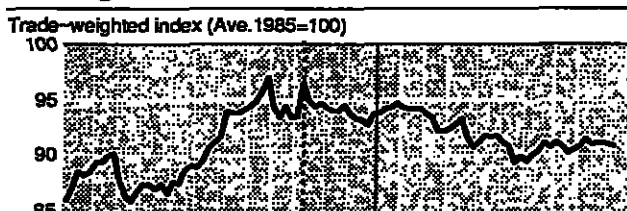
David James, put in to rescue the company, said: "I can't think of another company with negative net assets that has been recapitalised at this level." And Barings's Robin Alington Maguire said it had been hard work to find "the potentially profitable business trying to get out". It was a relief, he said, "to find that hard-headed institutions were prepared to accept that view". No kidding. The shares closed the week at 65p, down 55 per cent.

Hard-headed institutions, traditionally in short supply, were even more noticeably absent on Tuesday, as the market rallied on the news that the Prime Minister had decided to postpone an election till 1992. The FT-SE index rose 1.6 per cent in two days, to touch the week's high of 2649.9 on

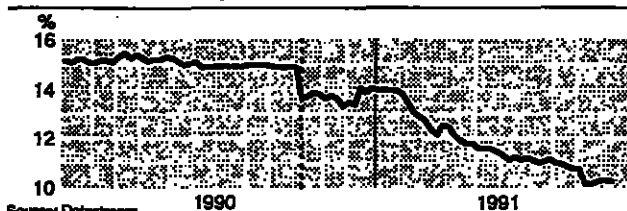
FT-SE 100 Index



Sterling index



3 month Sterling interbank rate



Wednesday morning. It was unclear why an implicit admission that the Tories were too weak to be sure of electoral victory next month should be good news for the stock market (unless Labour's John Smith has won more City converts than even his most ardent admirers suggest). Over the next few days, that thought sank in, and FT-SE drifted downwards again, to close at 2624.6 on Friday, up 25.6 on the week.

A few individual stocks stood out. Asda, the grocery chain, announced its long-awaited £357m rights issue - but it was still unable to fill its chief executive's chair, and the shares touched an all-time low of 45p, before closing the week at 45p, down 6p from the previous Friday.

British Telecom rose strongly on the announcement of details of the flotation of the government's remaining stake. BT shares closed the week at 417 1/2p, up 35 1/2p. And Sears announced deeply depressing results - interim profits of \$4.6m, a drop of 98 per cent, but maintaining its dividend. The shares closed the week at 94p, up 2p.

Retailers as a class have been reporting a noticeable upturn in sales in the past week to 10 days. They are still not sure whether this is really a sign of economic recovery, or simply the result of new clothes purchases spurred by the onset of colder weather.

Just which version to believe will become clearer in the months ahead. That also applied to a handful of other economic comments during the week, which marked the anniversary of Britain's entry to the exchange rate mechanism of the European Monetary System.

Chancellor of the Exchequer Norman Lamont said that the first year of ERM membership - summarised in the chart - had been a success. Prime Minister John Major said that the Conservatives would win the election "because people trust us to run the economy", and Labour leader Neil Kinnock said his party would "put Britain in Europe's first division".

It was the sort of week where you had to decide for yourself just who - and how much - to believe.

Peter Martin

Serious Money

Words of warning for prize duffers

By Philip Coggan, Personal Finance Editor

I HAVE been on a lucky streak this week and I suspect that quite a few of you will be sharing my good fortune. To start off, those nice people at Barclays Insurance Services offered me not just a watch, but a radio cassette player as well. All I have to do is apply for the Barclays Hospital Cash Plan, and the watch will be mine to keep. If I pay my first premium, the radio cassette player comes too.

Lucky me. As I lie in my hospital bed, not only will Barclays pay me \$40 a day, but I can see the minutes tick by on my "useful and stylish" watch and cheer myself up listening to "I Feel Fine" by the Beatles on my "smart, portable" cassette.

In the face of this generosity, you will be disgusted to learn that I felt a trace of cynicism. It occurred to me to wonder what kind of profits must be built into the policy, for Barclays to be able to dispense such largesse.

There must be something in it for the insurance companies because they are marketing health-based insurance plans very hard at the moment. Maybe we are all getting sicker, or perhaps this enthusiasm has been sparked by the housing-related decline in endowment policies and the slowing down of the personal pensions boom.

But the Barclays letter was only the start. For real razzamatazz, the British will always defer to the Americans, and later in the week, my wife hit the jackpot. She was informed that she had definitely won a cash prize in a £350,000 draw.

You can imagine our excitement.

But the prize draw letter was a visual feast. It was as if a word processor manufacturer had decided to demonstrate the full range of his wares. Sentences were in bold. Phrases were underlined. Words were in capital letters. Some paragraphs threw in all three styles, just for the thrill of it.

And rather like the speaking style of Michael Foot, unexpected words would suddenly be emphasised.

Not that much emphasis was placed on the name of the sender of the letter. It was not until page two that it was revealed to be from Hospital Plan Insurance Services, a company authorised to sell the products of the New Hampshire Insurance Company. The letterhead had an address but no company name.

But surely this letter could not be about insurance? After all, the part that really drew the attention, in dashing blue and red on a yellow background, was the list of cash prizes, all the way from \$50,000 to \$5.

And just to rub it in, Paul Brett, the author of the letter, mentions cash prize prominently in each of the first three paragraphs. The word insurance does not appear until paragraph five of page two.

By that stage, however, Paul was starting to depress me. His tone was jolly enough. "Suppose you were a victim of a terrible road accident. You survived but lost the use of your legs. Wouldn't it at least ease the blow when you receive a cash lump sum of \$300,000?"

Yes, Paul, it would make me jump for... well, perhaps not. And thinking further, why did Paul put the ".00" on the end of the \$300,000? Surely not

because a figure with seven noughts in it looks even more impressive?

Actually, checking back to the first page, the list of prizes also spelt out the noughts, as did paragraph four which demanded "Claim it now!" (in bold and underlined, of course).

You might think me unduly suspicious for ringing Hospital Plan Insurance Services to ask about the probabilities of winning the \$5 prize. Paul Brett wasn't there, but a Mr Goldledge told me that the "majority" of prizes were \$5. Still \$5 is better than nothing, so why not? All we have to do to get our prize is fill in the prize claim form on the back. The form, that is, which includes the direct debit for at least \$5.85 a month to Hospital Plan Insurance Services.

Hang on. We are being asked to send a direct debit, and details of our bank account to a company we have never heard of to pay for a policy we have not seen.

Mr Goldledge argued that it was quite safe. We can cancel the direct debit if we do not want the policy and if any money has been paid out, it will be returned. He also said that, strictly speaking, you do not need to fill in the debit part of the form to enter the draw; though it does not say so in the letter. In fact, it says that "prizes will only be sent to holders of winning numbers who have returned their fully completed [my italics] prize claim form."

So what do the regulations have to say about all this? Not much. The marketing complies with the (voluntary) Code of Practice of the Association of British Insurers. Permanent health insurance is not regulated by the Financial Services Act and Hospital Plan is not a member of Fimbra or Lauris.

And although insurance companies are regulated by the Department of Trade and Industry, the DTI does not control the method of selling insurance. In other words, we will all have to get used to receiving lots of "generous" offers over the next few years.

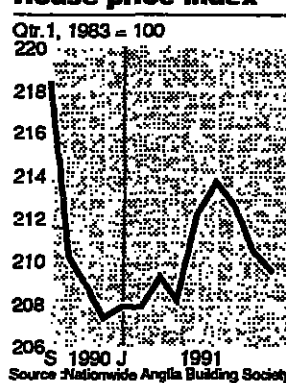
The prize draw letter was a visual feast. But it was actually about insurance.

HIGHLIGHTS OF THE WEEK

	Price	Change	1991	1991	
	Ytd	on week	High	Low	
FT-SE 100 Index	2624.6	+25.6	2679.6	2054.8	Political uncertainty reduced
Airtours	773	+88	815	155	Co says profits will be good
Amstrad	37 1/2	-10 1/2	95	38 1/2	Profits halved/gloomy statement
Automated Security	163	+19	270	163	Takeover speculation
British Gas	292	+13	294 1/2	216	Switching from Shell/BZ/W 'buy' rec
British Telecom	417 1/2	+25 1/2	423 1/2	286	Details of flotation released
Claremont Garments	199	+11	199	183	Encouraging results
First Nat Finance	54	-50	213	49	Broker forecasts loss this year
Higgs & Hill	183	-41	369	183	Interim profits down 70%
Inscape	400	+22	404	226	Stock shortage
Ratners	90kd	-22 1/2	191	74	Credit rating cut
Savern Trent	363	+34	370	300	K factor/Hoare Govett 'buy' rec
Sheelley	277	-52	424	271	Interim profits down 72%
Welsh Water	400	+34	422	341	K factor/broker 'buy' rec
Yule Catto	214kd	+23	214	89	Analyst's 'buy' recommendation

AT A GLANCE

House price index



House prices slip again

House prices fell again in September, according to the Nationwide Building Society's house price index. A fall of 0.4 per cent in the index meant a year-on-year fall of 3.9 per cent. The average house price in September was £58,125. There are not yet any real signs of recovery, said Peter Munday, Nationwide's divisional director for business development.

Amstrad shares fall sharply

Shares in Amstrad, the computer and electronics company, fell sharply on Thursday, after the group announced a 54 per cent fall in annual pre-tax profits to £20.2m. The drop was prompted by a £20.4m write-off of unsold computers and Alan Sugar, the chairman, said that UK trading conditions were very poor. The shares had slipped to 37 1/2p by Friday afternoon, compared with 48p at the start of the week.

Banks face consumers' wrath

Customer dissatisfaction with the high-street banks has increased, according to Which?, the magazine of the Consumer Association. The survey found that the number of people unhappy with their main current account had doubled over the past year. High bank charges were the main cause of dissatisfaction. John Beishon, a director of the Consumers' Association, accused the banks of "breath-taking arrogance". "Banks don't seem to see consumers as valued customers but as a nuisance," he said. "They are not yet at all ready to give up their attitude of superiority." Midland Bank came worst out of the survey, being cited as having the worst accounts in terms of both overall satisfaction and efficiency. Midland said it was disappointed with the results of the report, which it took very seriously.

Smaller companies creep ahead

Small company shares edged ahead yet again this week, although prices are still around 25 per cent down on their all time highs. The Hoare Govett index (capital gains versus price) rose 0.5 per cent to 1280.44 in the week to October 3. The County Index increased 0.5 per cent to 1025.37 over the same period.

Low interest Visa offer

Bank of Cyprus (London) is marketing a low interest rate Visa credit card. Borrowings on the card carry an interest rate of 19.6 per cent. There is no annual charge. Applicants must be home-owners.

3i investment trust mooted

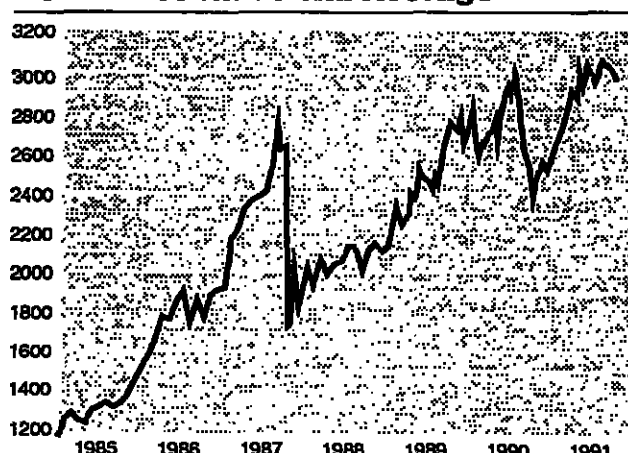
The UK's largest quoted investment trust will soon be established if the big UK banks successfully float 3i, Britain's biggest provider of development capital to small and medium-sized companies on the stock market. The flotation is scheduled to take place in the spring and is likely to value 3i at considerably more than £1bn, perhaps as much as £1.5bn. It will be one of the biggest sell-offs of a company that is neither state-owned nor a mutual company.

Artesian Competitor, the BEIS scheme, is not sponsored by Johnson Fry as we might have implied in an article last week, but is independent.

Wall Street

October brings a chill to New York

Dow Jones Industrial Average



ing game. Even if the Fed were to cut rates some time in the next week, the reaction of dealers and investors is likely to be muted. The economic benefits of lower borrowing rates were priced into the market a long time ago, and the poor showing of stock prices since August has had much to do with the fact that those

benefits have taken a long time to show up in the monthly economic numbers. The September employment data was a case in point. Although the Fed has eased monetary policy four times this year and lowered the discount rate by 150 basis points to 5 per cent, the impact on the economy has not been dramatic.

Yesterdays' figures showed that manufacturing employment fell by 22,000 and that factory work-week hours fell last month, hardly a sign of a revitalised industrial sector.

The corporate sector also continues to show signs of distress. The shares of IBM, America's corporate flagship, took several knocks this week. Poor demand for almost all of IBM's products, added to the weakness of the dollar which will effect overseas earnings, led analysts at Merrill Lynch, Oppenheimer & Co. and Montgomery Securities to reduce their forecasts for July-September profits from between 40 cents and 50 cents a share to around 20 cents to 25 cents a share.

In the financial sector, American Express ran into heavy selling after the company announced it would take a \$250m third quarter charge to cover loan loss provisions related to its Optima credit card. AmEx will have to add further to its reserves in the fourth quarter, and about 1,700 jobs will be lost in New York. Optima's problems are a

reflection of the disarray within the credit card industry, which has been hit by growing delinquency rates among consumers struggling to meet borrowing requirements in the wake of the recession.

There was good news, though, from Chrysler and Time Warner. The troubled car-maker completed a sale of \$354m worth of common stock on Tuesday. Demand for the stock from the public was strong enough to allow Chrysler to increase the size of the issue from 33m shares to 35m shares and the price to \$10.4.

Time Warner is expected to announce within the month a deal with two Japanese companies, Toshiba and Citicor, that should raise shares at one time. The Japanese giants are expected to buy a joint 12 per cent stake in the debt-laden US entertainment group, which will use some of the proceeds to reduce its \$8.9bn debt.

Monday 3016.77 + 10.73
Tuesday 3013.24 + 1.57
Wednesday 3012.52 - 5.52
Thursday 2984.79 - 27.78

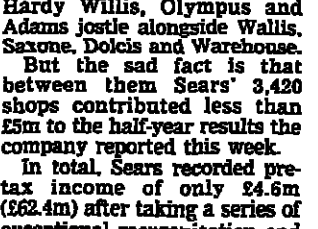
Patrick Harverson

The Bottom Line

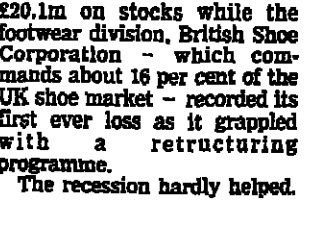
City tries to read Sears' catalogue of woes

Sears

Turnover (£bn) adjusted to exclude discontinued operations



Profits on ordinary activities before taxation (£m)



Group sales slid by 3 per cent as consumer spending contracted and tourism was hit by the Gulf war. Value Added Tax added another 27.5m to costs. Escalating rents, rates and wage costs completed Sears' catalogue of woes.

Three years ago, Sears made pre-tax profits of £27.8m and appeared well-positioned for further growth. It is this another example of how the recession has played havoc with retailers' margins, or is there something uniquely awful about Sears' performance?

The City seems divided. There are those who argue that Sears has been pursuing exactly the right strategy - if somewhat slowly - by slimming down the sprawling empire founded by Charles Clure in the 1930s.

Sears has withdrawn from its peripheral activities in motors and engineering. In 1987 it sold its US shoes business and the following year disposed of its Lewis's department store chain - now in receivership - to a management buy-in team. It also col-

lecting £331m from the sale of its William Hill betting business in 1988.

Geoffrey Maitland Smith, Sears' chairman, says: "We think we are doing what we should be doing. Up until a few years ago we were a true conglomerate, but we are now clearly in the retailing and trading property business."

He says Sears' recent transformation has been masked by the recession but that its cost-

cutting and refocusing programmes will bear fruit once the recovery starts.

"We are vastly more integrated than people realise," he says.

Maitland Smith points to the Freemans home shopping business, the fast-expanding Adams children's clothes and Olympus sportswear chains, and its growing retailing activities in mainland Europe as sources of future growth.

He also hints that Sears will be able to realise another £350m or so in asset sales when the property and retail markets revive. The company can afford acquisitions.

Some analysts in the City accept this line. "Sears' numbers will rebound faster than the market thinks. Generally speaking people tend to underestimate the scale of cycles and do not take fully into account how operationally geared a company is. Consequently analysts tend to be over-optimistic going down into a downturn and not sufficiently optimistic on the way back up," says one.

But Sears has its critics. Many believe that the company is not achieving an acceptable return on its £1.3bn of assets - an attitude summed up by Lord Hanson earlier this year when he sweepingly dismissed Sears as too easy a target for "Ransomisation".

No doubt every merchant bank in the City has a file marked "Sears: Break-up". And hordes of eager analysts have probably waded through the accounts to work out what

Sears' break-up value might be. The 10.6 per cent stake held by the Fayed has added grist to the rumour mill.

But Sears could present a formidable challenge to the asset-hunter. And the fact that no bidder has yet emerged suggests how difficult it may be to extract additional value.

A potential bidder would have to prove that it could run the shops, not just break up the business. Trying to dump hundreds of shops at one time would destroy the market the bidder would hope to exploit. The carrying costs might prove prohibitive.

In the absence of a bid, the critics cry out for a more aggressive management style. It might happen. Liam Strong will join as chief executive next spring. At British Airways, Strong was the marketing brain behind "The World's Biggest Offer" - a campaign to entice passengers with free tickets. He may be just the man to bring new zest to the lumbering retailer.

John Thornhill

FINANCE & THE FAMILY

A Smugman's view of Wall Street

Is the US market bullish or bearish? Martin Dickson eavesdrops on a family of self-styled experts

"BEWARE THE October Surprise: the Great Crash of 1929, the crash of 87 and the mini-crash of 89 - they all happened in October, you know. Mark my words. The bull, ladies and gentlemen, is in retreat. Sell America!"

Thus spoke Henry Smugman, retired advertising executive and self-styled stock picker, as he drained a glass of Californian Cabernet before his hapless relatives around the luncheon table at the Old Rectory, somewhere in Surrey.

Henry, who had just returned from a week's holiday in New York with his old Madison Avenue buddies, said excitedly: "I have it on very good authority that the US stock market is about to undergo a very nasty correction. The Dow Jones industrial average, now just over 3,000, will lose 10 to 15 per cent of its value by mid-November."

Since most members of Henry's family were far more interested in spending money (preferably his) than in making it, and were in an advanced state of intoxication, his ruminations did not provoke a conversational flurry.

Finally, from the far end of the table, a voice piped up: "So what?" It was Alec Smart, Henry's precocious 14-year-old nephew, who enjoyed vexing his dull but kindly uncle. "Who cares? America's far away - and besides, they don't play cricket."

"Everyone should care," said Henry. "We live in a world of global equity markets, and where Wall Street leads, London is bound to follow. And you, my lad, should care more than most. But perhaps you are ignorant of the fact that the trust I set up for you at birth has a sizeable investment in US equities via the Generous and Munificent (G&M) Investment company's North American Growth Fund."

"So far this year it has performed excellently, thanks to the sharp rise in the market at the time of the Gulf war, the appreciation of the dollar against the pound up to early July, and the Dow's more recent consolidation above 3,000. But the party's over, and tomorrow I will be transferring your units to the safe haven of their Golden Glitz Fund."

Alec shrugged uninterestedly, and silence seemed about to descend, when up spoke Philip Toogood, the new boyfriend of Henry's daughter. He was something in the City and, to Henry's mind, too smooth by half.

"I beg to differ," he said. "The Dow will have touched 3,400 by this time next year and if you sell now you'll lose



Michael Douglas as Gordon Gekko in the film Wall Street: not just a tough place on celluloid

out. Yes, there may be a slight dip in the market over the next few months, but that should be seen as a buying opportunity. Why go to all that trouble - not to mention the administrative fees for the fund-swapping - when you can just stick around for the ride?"

Henry retorted: "Well, I'm not sure what makes you think that. I've just got back from New York and things there are looking very dark indeed."

"There's dreadful unemployment - you wouldn't believe the lay-offs on Madison Avenue. The housing market is shot to pieces. So too is commercial property, where they have a five-year overhang in many big cities and the banks have spent the past year taking huge bad debt provisions on their portfolios. There's no end yet in sight."

"The banks won't lend - or else can't find decent credit risks who want to borrow. Either way, what you have is a severe credit crunch, as the sins of the 1980s are cleansed from the system. Consumers are frightened to spend, and without their impetus the economy is going nowhere fast." And with that he took

another draught of wine. "But I, too, have just got back from the US," replied Philip coolly, "and I find your scenario wildly alarmist. You visited New York, a tired, dirty Third World City heavily dependent on the depressed services sector, such as your advertising friends. But I visited Chicago, which has a much broader manufacturing base, and things there don't look nearly so gloomy. Companies have virtually stopped cutting their inventories and will soon be rebuilding them. That, coupled with the Federal Reserve's easy money policy, promises a healthy burst of growth, with a competitive exchange rate helping exports into the bargain."

"That may well be the case in manufacturing," said Henry, "but its role in the economy is now vastly outweighed by the services sector." He added slyly: "These dangers are not reflected in the current market multiples."

"What's a multiple?" asked Alec, snapping awake in the hope that the conversation had got round to betting averages. "It's a ratio which shows you whether a market is fairly

valued in comparison to the past," said Henry. "And right now one of the most widely used yardsticks - the price/earnings ratio on the Standard & Poors 500 index - is flashing warning signals."

"The p/e stands at about 20, which is very high by historic standards. It wasn't that much higher at time of the 87 crash. Fund managers have only 5 per cent of their \$200bn pool left in cash - very low compared with the past. And yet the market keeps on pushing out more shares. There have already been \$14bn of new issues this year and many secondary issues by companies which want to improve their balance sheets. And it is a fundamental law that when supply exceeds demand, prices fall."

"Furthermore," said Henry,

hoping to blind his adversary with science, "the ratio of S&P 500 shares to the book value (assets minus liabilities) of those companies currently stands at around three - a level seen in the past before major crashes - compared with a long-term average of 1.5, while the dividend yield - the income received by a stockholder - is 3.15 per cent, compared with a long-term average of around 4.5."

But Philip was not in the least put out. "Lies, damn lies and statistics," he said.

"Let us first look at the dividend. What matters is not so much the absolute level, but the relationship with the returns investors can get elsewhere. The traditional yardstick, 30-year Treasury bonds, is now yielding around 7.8 per cent, giving a ratio of 2.5,

which is not really out of line with history.

"Book value is a notoriously unreliable short-term indicator, while there is no proven link between market value and institutional cash liquidity."

"As for p/e's, we need a little more clarity. What kind of p/e are we talking about? I think, Alec, your uncle is talking about the so-called historic, or trailing p/e which is based on what companies earned over previous 12 months."

"But stock markets are not interested in history. They focus on prospective p/e's - what companies are going to earn in the future - and here the outlook is much brighter. Wall Street analysts reckon that the average S&P 500 p/e for calendar 1991 is 17, while for the next 12 months it drops to 14.3 and in 1992 to 13.2."

"In other words, the market is not that much over-valued for this phase of the economic cycle, with recovery around the corner, inflation low and interest rates still trending down. Don't forget that in 1987, which provides many of your uncle's faulty comparisons, the US was looking at rising interest rates and the last splutterings of a remarkable wave of economic expansion."

"Baloney and boosterism," thundered Henry, thumping the table. "Who makes these wonderful forecasts of future earnings? Brokers' analysts, that's who. How do brokers make their money? Selling shares, that's how. How do you sell shares? By making optimistic earnings forecasts!"

"But isn't America going to grow?" asked Alec naively. "It seems such a powerful, energetic place."

"Yes, of course it will - eventually," said Henry. "But it's going to be a painfully slow process."

"Of course it will," said Philip, "and it will be mercifully slow to start, so the economy won't overheat."

"In other words," said Alec, groping wildly, "the US might be quite a good place to invest, long-term. So if share prices do drop they may be a reasonable buy?"

"Absolutely," said Philip, enthusiastically.

"Yes," agreed Henry reluctantly, "but in the long-term I will probably be dead."

BT's offer: what to do

Roland Rudd on why the latest £5bn share sale is so remarkable

MILLIONS in Britain will have received letters from BT inviting them to register their interest in the sale of half of the government's remaining 48.7 per cent shareholding.

The £5bn sale is most striking for what British investors will not know. For the first time they will be asked to take part in a flotation without knowing how much they are paying in total until after they have committed themselves to buying the shares.

This is because the government is determined to avoid a fall in the price of the shares in the event of a market crash, as was the case with the offer in British Petroleum in 1987.

Instead of fixing the price on impact day - at a small discount to the then market price of the shares already trading - the small investor will have an in-built discount to the BT shares being offered to institutions.

Thus, even in the event of a sharp fall in the market, investors are guaranteed a discount to the institutions on the price of their BT shares. The price of the institutional offer will be set only after a worldwide process in which institutions will be asked to submit tenders for the shares.

The size of the discount will be announced at the end of November and the offer will close in early December. At the moment, the government expects private investors to receive 50 per cent of the offer, but this percentage could be raised.

As with previous privatisation issues, investors are being asked to pay in three instalments. The private investor discount only applies to the first instalment.

The second instalment will be the same for both private and institutional investors, with the amount to be paid fixed at the time of the pathfinder prospectus. The third instalment will be fixed in relation to the tender price for the institutional offer.

Like the second instalment, the price set will be the same for all investors.

In effect, the government is attempting to get the maximum amount of proceeds from the sale while ensuring that private investors will have a built-in discount, enabling them to emerge with a profit once shares begin to trade.

If the literature and the prospect of a discount are enough to make you want to buy the shares, these are the steps you should take to get involved in the offer.

Once you are sent the yellow BT share offer, you should send back the registration card. This will ensure that you get incentives, in the form of a discount or bonus shares, on the second and third instalments of the shares.

You can register through your own stockbroker. Private client brokers will be able to tender for the offer on behalf of clients, which may allow some to receive larger allocations of stock.

But the government is very keen for investors to choose one of its eight selected "share shops" retailers, where the commission charged will not be more than £15. Those who apply through one of the eight will receive greater preference when the time comes to allocate the shares.

The chosen eight are: Abbey National, Bank of Scotland, Barclays, Lloyds, Midland, NatWest, Norwich & Peterborough Building Society and Sharelink.

Applying through one of these will also ensure that you will be sent a voucher, guaranteeing further discounts on commission charged by the retailer on future share deals. These potential discounts vary from retailer to retailer. If you have registered, by the end of next month you will receive an yellow application form and a blue introduction to BT. (If you lose this, you can apply for shares by telephone on 0272-272727) You will then find out the extent of the discount on offer. Dealings will start in early December.

Don't panic on IHT

BOTH main political parties have drastic changes lined up for inheritance tax (IHT) in the next year. But, before the election happens, it is best to guard against the changes Labour would implement - unless you feel particularly certain that the Conservatives will win.

Last weekend the Tories signalled clearly that John Major wants to reform the tax so that it affects fewer people, while a new Labour government would go in for root and branch reform.

Labour would probably turn it into a receipts-based tax. There would be a maximum amount you could leave to any one person, and they would have to pay tax on amounts above this limit.

Lifetime gifts would be taxed according to the accumulated amount received in gifts and bequests over a lifetime, in a return to the philosophy of capital transfer. Also, the tax is likely to be made more progressive. The single 40 per cent rate would probably go.

The Conservatives seem most likely to change the tax by lifting the current £140,000 threshold. An increase in the threshold to £200,000 or more would make the tax easier to avoid.

All this impression makes IHT planning harder. However, experts are agreed that it is best to continue planning for contingencies. People who relax in response to the possible new changes under Labour could be badly caught out by a Labour Budget.

Simon Mabey, of Smith & Williamson, the accountancy firm, recommends that it must still make sense to make gifts sooner rather than later. He also suggests that the loophole which allows tax-effective variations of deceased persons' estates within two years of death might be in danger under Labour.

Barry Stillerman of Stoy Hayward says the very wealthy are still certain to need estate planning, even after any reforms the Conservatives make, while people with estates of around £250,000 might well be tempted to miss the boat.

IHT may have an uncertain future, but this calls for a measured review of your estate, not panic measures.

John Authors

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3 YEAR TERM SHARE (minimum investment \$1,000)	3 YEAR TERM SHARE (minimum investment \$1,000)	
8.60% (net p.a.)	8.60% (net p.a.)	7.85% (net p.a.)
11.46% gross*	11.46% gross*	10.46% gross*
		7.85% (net p.a.)
		10.46% gross*

General Portfolio

*Equivalent gross rate for basic rate taxpayers. Full details of these accounts can be provided on request. Rates effective from 1st October 1991. General Portfolio Life Insurance PLC, General Portfolio House, Harlow, Essex CM20 2EW Tel: 0273 628292. A member of Laurus.

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FINANCE & THE FAMILY

Elvis is alive — on every cheque

Patrick Harverson on how to open a bank account and obtain credit in the US

OPENING A bank account in the UK is a simple enough process — so it should be, with only four big clearing banks and a few cheque-issuing societies to choose from. In the US, however, there are as many banks as there are recipes for Mom's apple pie, and choosing a home for your hard-earned cash can be a daunting prospect.

The choice is bewildering. In New York you can plump for a well-known name such as Chase Manhattan or Chemical Bank, or for one of the more obscure institutions such as Apple Bank or the Dime Savings Bank.

For all of them, the papers and information needed to open a simple current account (known in the US as a "checking" account) is roughly similar, although the bigger banks will probably be more comfortable han-

dling overseas customers and funny foreign money.

Before you open a US account you need the following: your passport, a letter from your bank at home that includes a copy of your signature, a letter from your employer, an address where you live or are staying in the US, money (dollars, not foreign currency), and a social security number from the US government.

Getting an overdraft facility for your checking account is not as easy as in the UK. US banks are more sensitive to bad risks and even if you have an exemplary credit record, they may still turn you down for an overdraft of anything but a few hundred dollars.

All banks will offer you credit cards, but you will have to wait until you have a credit record before getting one. Your UK credit history

means nothing in the US, so it is advisable to get an American credit or charge card while you are in the UK (American Express is the obvious one) so that you can build up a record of repayments to show your US bank.

The variety of accounts on offer from US banks does not differ greatly from those in the UK, although the interest rate on US savings accounts is currently a meagre 5.25 per cent. Money market accounts that combine checking and saving are available, but you need several thousand dollars before you can open one.

Similarly, you need to keep a large amount of money in your checking account if you are to avoid bank charges. In most cases, that means no less than \$2,000 at any one time. Keep less, and you will pay a flat monthly fee (\$8 is typical) and a fee of about 35 cents for every transaction.

Getting a cheque book is simple and quick. They are available in different colours and designs — you can even get one with a picture of Elvis Presley printed on every cheque. Using your cheque book, however, is another matter.

In all but a few special cases, US banks are not allowed to open branches in states other than their own, so do not bother trying to write cheques in a shop or a bank outside your home city — they will not be accepted. This is the case whether you bank with Chase Manhattan or the First National Bank of Smallville, Arizona.

Cheques can be a problem even in your home town, except when writing them out to people or companies you know and who live, and bank, in the same city. Even with a New York bank account, I have discovered that

getting Manhattan stores to accept my cheques is as difficult as making sense of the subway map. Getting money from a bank machine is much easier, but the automated teller networks are usually restricted to your city or region.

Transferring money abroad is easy but expensive, and the combination of UK bank incompetence and US bank ineptitude has been known to produce horrendous results.

By law, all US bank accounts are federally insured to the tune of \$100,000. This means that the government will reimburse you up to that amount if your bank goes bust. Recent bank failures have tested this theory and so far it seems to have worked. Such is the flimsy state of the US banking system, however, bank failures are a real threat for many depositors.

A grounded Pan Am investor

HERE IS A cautionary tale. It concerns a British shareholder, a US bankruptcy, and a lot of lost money.

Gary is a young English investor who lives in Bournemouth, Dorset, and has some forthright views on the airline industry. So when he heard that Pan Am was heading for the US bankruptcy court in January, he thought he saw an opportunity.

Gary reasoned that Pan Am still had a significant role in the commercial aviation world. It was unlikely, he thought, that the airline would vanish into oblivion. So Gary looked at Pan Am shares, found that the price had fallen to well below \$1 and bought 10,000 via a UK stockbroker.

As the months wore on, he appeared to be doing nicely, at least on paper. The Pan Am share price actually recovered to more than \$1 during the spring, hitting \$1.41 at one stage and more than doubling Gary's money. But by June gloom had descended. It was clear that the cash-starved car-

rier was again after a suit.

In the early hours of August 12, a deal between Pan Am, its creditors and Delta Air Lines was finally tied up. As lawyers told the bankruptcy court later that day, major assets would be sold to Delta, and Pan Am would reorganise itself into a much smaller airline concentrating on its Latin American routes.

Pan Am's creditors would get 85 per cent of the ongoing company's equity, with Delta owning the rest. In the general melee, however, few details within this broad outline were supplied.

Three days later, another, more lightly-reported release emerged. Explaining that Pan Am was finally worth something, it continued: "Pan Am reaffirmed its statement, made in its annual report... that any reasonably foreseeable plan of reorganisation will involve major concessions from the holders of unsecured claims and virtual elimination of the interests of the equity holders." Shares continued to trade between 90¢ and 95¢.

It was more than a month later when the crunch came. On September 24, Pan Am announced that it was filing a reorganisation plan with the court in which existing equity interests would be "cancelled and extinguished". The New York Stock Exchange halted trading in its shares that afternoon, and the following day they were suspended, pending

Nikki Tait recounts a salutary tale of one man's loss

a delisting. In short, the equity was finally worth nothing, and reasonably enough any potential buyers of the stock were being protected. Frozen into a useless holding, Gary waved goodbye to several thousand pounds.

In retrospect, he was right that Pan Am would not vanish, but his investment strategy stumbled for two reasons.

The first was a misunderstanding about how the US bankruptcy procedure works. When British company fails, there is commonly a tier of trade creditors, bank lenders, debenture or preferred stockholders, and then shareholders.

Many US casualties, by contrast, have acquired more complex capital structures and the list of claimants who present themselves to the court can be diverse and lengthy.

For example, the largest claim in the Pan Am bankruptcy came from the Pension Benefit Guaranty Corporation, a federal agency which effectively ensures basic retirement benefits and has no counterpart in the UK. As with any airline, there were also complex lease obligations.

So while it is true that money can be made in US bankruptcies, it is not necessarily in the common stock. Professional bankruptcy investors, for example, tend to corner sizeable portions of a particular class of claims, often higher up the scale. Ideally, they can then claim a place on

the critical "creditors' committee", which plays a leading role in negotiating a reorganisation scheme with the company's management. Without some claim, or at least good information, bankruptcy investing can be a minefield.

Gary's second problem was much more basic — one of distance and time difference. He admits that, for much of the past nine months, he has been trying to find out what was happening from newspaper reports.

That said, Pan Am's August statement, repeating warnings about "virtual elimination" of the existing equity, does seem disingenuous in the light of subsequent events. The market attributed some value to the shares for over a month after the Delta deal was announced, and small quantities of stock did trade.

But that is of little help to this particular investor, whose sole consolation is some nice share certificates. Still, Gary is clearly an optimist. "Perhaps they'll be worth something one day," he remarks wistfully.

Casebook

It's time to break Abbey's bad habit

ABBEY National is now a bank, but it seems to be keeping up one of the bad habits of the building society industry.

Several societies have angered customers by closing one account to new business, reducing the interest rate, and then launching a new account with a higher rate. Customers have been left frozen into a low-paying account.

The Building Society Ombudsman earlier this year pointedly exonerated this. He said: "It is in the last analysis for the investor to look after his own investments."

Several readers have complained about the Five Star account. This was marketed as the Abbey's highest interest instant access account, and had a minimum investment of £500. In October last year, the Abbey introduced a new instant saver account with a minimum investment of £1. The Five Star account was closed to new savers and its interest rates cut.

The new account paid higher interest — by August this year Five Star was paying 6.11 per cent net and instant saver 7.31.

One reader, a hospital doctor, pointed out that he worked 92 hours a week and did not have time to visit a branch. He wrote to the Abbey, saying: "If you had 30,000 customers with a Five Star account, with an average of only £5,000 deposited, and they failed to notice your change to the nature of the account and of the account's interest for six months (all very conservative figures: percentage difference understated and not compounded), you have avoided paying at least \$90,000 in interest to these customers." Abbey National has refused to pay compensation. One letter received by a reader said: "I am sure that you would wish your actions did not constitute a breach of duty." However, complaints about this practice continue to accumulate. It might be time to change the rules.

John Authers

Philip Coggan

The Week Ahead

for the full year ended January 31, for a modest improvement on last year's £3.6m pre-tax profit.

Hi-Tec Sports, the sports shoe distributor, is likely to report on Thursday a modest increase in pre-tax profits for the half-year to July to around £3.9m from £3.4m a year earlier.

A number of growth

markets beckon such as US demand for rugged hiking shoes.

Expanding American operations have also begun to pay off. Its shares have reflected this, taking off in late August to climb above the 140p at which it was floated in 1988.

They closed yesterday at 201p.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS		Value of bid		Market price		Value of bid		Market price	
Company	bid for	bid price	share	price	share	Company	bid for	bid price	share
Anglo Sardinian	1185	117	86	124.00	124.00	Scottish Cities	1185	117	86
Beazer	1185	117	86	124.00	124.00	Hawson	1185	117	86
Caparo Ind.	645	61	47	12.24	12.24	Caparo Group	645	61	47
Carbo	2455	236	230	31.74	31.74	Hopkings Grp.	2455	236	230
Crompton	128	128	81	21.13	21.13	Wyley Grp.	128	128	81
Drummond (N.L.)	506	498	82	78.85	78.85	Tilbury Grp.	506	498	82
Hawker Siddeley	7305	744	640	14.40	14.40	STR	7305	744	640
Interlink Exp.	311	307	300	50.54	50.54	Mayne Nickless	311	307	300
Invergordon	225	257	163	286.28	286.28	Whyte & Mackay	225	257	163
Macarthy	3058	280	255	83.85	83.85	Lloyds Bank	3058	280	255
Racal Elect.	518	58	51	706.35	706.35	Williams Hdg.	518	58	51
Sovereign Oil	1505	143	103	84.27	84.27	Neefe Oy	1505	143	103
Torrey Carline	525	87	84	13.85	13.85	Dowling & Mills	525	87	84

*All cash offers. †Cash alternative. ‡For capital not already held. ††Unconditional. ‡‡Based on 2.30pm prices 4/10/91. ‡‡‡Shareholders can choose to accept a cash offer worth 488p for each Douglas share up to 40% of individual holdings. ‡‡‡‡Based on estimated FAV of ASIT.

RESULTS DUE		Dividend (p)		Dividend (p)	
Company	Announcement due	Last year	Final	Int.	Int.
FINAL DIVIDENDS					
Allied Leisure	Wednesday	1.10	2.80	1.50	
Anglo American	Monday	2.20	4.30	2.40	
Barry Wehmiller International	Tuesday	1.20	1.40	1.80	
Bell Group	Monday	-	-	-	
Boots	Monday	-	-	-	
British United	Tuesday	2.30	2.85	2.30	
Blundell (John)	Wednesday	8.80	8.80	3.20	
Peapack Group	Tuesday	1.50	4.80	1.80	
Stander (William) Holdings	Wednesday	1.50	4.80	1.80	
Town Centre Securities	Thursday	0.75	1.50	0.80	
INTERIM DIVIDENDS					
Alexandra Workwear	Tuesday	1.80	3.20	-	
Anglo American Inv.Tst.	Tuesday	3.00	6.00	-	
Anglo Reed Group	Wednesday	3.00	6.00	-	
Atlas Converting Equipment	Friday	6.50	13.00	-	
Barrows	Thursday	0.82	1.65	-	
BS Resources	Thursday	1.50	3.10	-	
Bridgeport Group	Monday	0.40	0.80	-	
Camellia	Thursday	10.00	15.00	-	
Capital & Regional Properties	Thursday	0.30	0.60	-	
Children's Hosp. Charity L.T.	Tuesday	-	-	-	
Cohen (A)	Friday	6.80	16.50	-	
Europacem	Thursday	2.00	2.15	-	
Foley (James)	Monday	0.10	0.12	-	
Freeman Group	Tuesday	3.00	5.50	-	
Gates (Frank G.)	Friday	0.10	0.10	-	
Greencore Group	Monday	0.10	0.12	-	
Hammer Property Inv. & Dev.	Friday	3.20	17.00	-	
Hawelock Europe	Wednesday	1.50	2.10	-	
Heddon Group	Monday	0.75	1.85	-	
Holical Bar	Wednesday	2.40	7.80	-	
Hi-Tec Sports	Thursday	1.50	3.50	-	
Johnston Group	Tuesday	4.50	5.50	-	
Lawrence (Walter)	Tuesday	2.00	2.50	-	
Lendo Holdings	Wednesday	4.17	9.14	-	
London & Manchester Group	Wednesday	-	-	-	
Martin Currie Pacific Trust	Monday	-	-	-	
Monarch Resources	Monday	-	-	-	
NAT Computers	Tuesday	1.31	3.00	-	
OS Holdings	Friday	1.50	2.50	-	
Robinson (Thomas)	Friday	2.00	2.00	-	
Singh (P.L.C.)	Friday	2.00	6.00	-	
S & U Stores	Tuesday	2.00	6.00	-	
Time Products	Tuesday	2.65	4.80	-	
TR City of London Trust	Thursday	0.10	0.10	-	
Walker Greenbank	Tuesday	1.20	1.90	-	

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings per share (p)	Dividends per share (p)
Advent Group	Jun	7,100	(12,500)	8.2 (14.1)
Amsted	Jun	20,400	43,700	2.5 (8.1)
Amstar Trust	Apr	1,510	(2,220)	4.1 (5.6)
Assoc. Nursing Serv.	Mar	2,070	(1,880)	37.9 (34.7)
Astra Holdings	Mar	11,200	(23,800)	11.4 (31.1)
Bocheman (A)	Jun	1,100	(1,441)	4.4 (5.8)
Ben Bailey Const.	Jun	317	(1,810)	2.16 (11.47)
Brit.Chan.Ship Repair	Mar	388	(20)	0.49 (0.03)
British Nuclear Fuel	Jun	158,000	(145,000)	-
British Thomson	Apr	1,040	(908)	17.8 (16.0)
Cargo Control	Mar	2,720	(285)	4.74 (16.11)
Castellor	Jun	6,800	(10,310)	4.32 (7.87)
Goodwin	Apr	451	(418)	4.5 (3.8)
Headway	Jun	606	(177)	4.5 (1.5)
High Point	May	1,740	(2,520)	24.4 (33.7)
Int. Resort Holdings	Mar	3,080	(2,800)	7.8 (11.2)
Intercon Tech.Ser.	Jun	1,440	(1,440)	14.74 (17.22)
Lincol Group	Jun	708	(1,380)	8.0 (15.9)
London Securities	Mar	37,900	(8,270)	58.9 (7.5)
Magnetics Materials	Jun	832	(1,500)	2.3 (3.7)
Melville Group	Jun	3,130	(7,620)	4.81 (13.28)
Norax	Jun	9,200	(3,160)	25.4 (16.12)
Onsley Estates	Jun	7,150	(7,220)	1.03 (1.6)
Petroleum Group	Mar	218	(121)	0.78 (0.33)
Petroleum	Jun	4,830	(2,290)	12.56 (6.22)
Photo-mat Int.	Apr	17,100	(16,800)	17.06 (15.54)
Raise Industries	Jun	27,510	(27,510)	10.5 (14.0)
Ranishaw	Jun	11,100	(15,400)	16.4 (6.0)
Trace Computers	May	471	(1,610)	2.04 (10.49)
Tytron Europe	May	31,380	(1,480)	-
Tuiker Resources	Mar	8,250	(10,000)	4.08 (8.11)
Wiggins Group	Mar	2,54	(15,540)	15.7 (78.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends per share (p)
Alexon Group	Jul	3,820	(3,850)
Allied Partnership	Jun	487	(1,420)
Arco Electric	Jun	164	(371)
Arco Energy	Jun	36	171
Ash & Lacy	Jun	2,510	(2,350)
Balfour Gifford Tech.	Aug	36	2.5 (2.5)
Bank of Scotland	Aug	75,700	(105,500)
Bluebird Toys	Jun	4,470	(1,335)
SLP Group	Jun	281	(488)
Boatley & Hawkes	Jun	1,400	(1,040)
Boatrow	Jun	736	(1,780)
Bullers	Jun	1,220	(1,330)
Burnfield	Jul	281	(851)
Burns Anderson	Jun	27	(1,590)
Central Indep. T.V.	Jun	9,200	(5,100)
Claremont Garments	Jul	2,830	(3,120)
Clifford Properties	Jun	6,600	(9,900)
Clincon Cards	Aug	2,340	(173)
Computer People Grp.	Jun	1,430	(2,140)
Dolphin Packaging	Jun	1,430	(1,430)
El Oro Mining	Jun	1,080	(1,340)
Era Group	Jun	951	(985)
Elan	Aug	35	(1,120)
Evered Barton	Jun	10,300	(1,120)
EW Faci	Jun	570	(484)
F&C Pacif.Inv.Tst.	Jun	3,26	(3,15)
Fisher Packaging	Jun	206	(243)
Forto	Jul	429	(114,000)
Global Group	Jun	99	(2,800)
Headline Book Publ.	Jun	378	(296)
Henderson Stuart	Jul	8,100	(16,000)
Higgs & Hill	Jul	1,080	(3,570)
How Group	Jun	407	(1,420)
Int.Comes & Data	Aug	404	(82)
Isco Holdings	Jun	1,730	(1,950)
Lamont Holdings	Jun	3,820	(3,020)
Laser Scan Holdings	Jun	246	(187)
LGW	Jun	254	(187)
Martin (Albert)	Jun	532	(454)
More O'Farrell	Jun	818	(1,960)
Microvel	Jun	2,210	(2,140)
New England Property	Jun	573	(908)
Neel	Jul	200	(2,300)
Ranco Oil	Jun	225	(845)
REA Holdings	Jun	4,800	(82,400)
Seaview	Jul	1,050	(3,020)
Sharwood Group	Jun	1,550	(5,130)
Smurfit (J)	Jul	75,190	(82,400)
Steeley	Jun	13,500	(40,200)
Stylo	Aug	5,670	(221)

FINANCE & THE FAMILY

An adviser writes . . . When best advice is hard to find

John Edwards, formerly FT Personal Finance Editor and now an independent financial adviser, begins an occasional series on you and your money

INDEPENDENT financial advisers do not know whether to laugh or cry at the news that National Westminster Bank is to link with Clerical Medical. In theory NatWest's decision to become a tied agent should mean the disappearance of a powerful rival - the biggest group of independent financial advisers - leaving a big gap to be filled.

However, the opportunity may be limited, since NatWest is planning to follow other banks in setting up a subsidiary that is supposed to provide independent advice once the bank has failed to sell its own products.

But the real worry for independent advisers is that NatWest's decision highlights the problems facing independent financial advisers under the new regulatory structure. If the second biggest clearing bank, with all its resources, plus a large client base, cannot make a success of providing independent advice, what chance have other less powerful companies?

There will always be a niche market for independent advisers among the wealthier sector of the population. But there is virtually no source of independent financial advice for the mass market. Their choice is now confined to either a "tied" agent, or a company representative, both selling products from a single group.

It is easy to blame the Financial Services Act for this situation, since it has undoubtedly tilted the balance unfairly against independent advisers. They have to disclose their "salaries" (fees or commissions) and comply with all kinds of regulations that are not imposed on "tied" agents or company representatives.

NatWest says it has learned a lot from its experience of being independent - chiefly that the extra cost of being independent was not worth while in relation to the level of business gained.

The sad fact seems to be that independent advice does not have the strong appeal commonly assumed by the media and marketing experts. Most people claim to want impartial advice, but when it comes to making a decision they are more influenced by other factors, such as convenience and a firm recommendation.

It is far easier to choose a dish from a limited menu rather than being offered a plethora of choice - especially if you appear to be getting a "free" choice as offered by "tied" agents and company representatives.

There is, moreover, a strong suspicion among the public that independent advisers are not really impartial or trustworthy. Independent advisers have a terrible image. They are viewed as either being crooks or unduly influenced by the need to earn high commission. This is not surprising bearing in mind the spate of stories in recent years about advisers absconding with client funds and/or earning large commissions. The fee versus commission debate will run and run. But whichever method is chosen the cost of providing "best advice" is considerable.

Independent advisers are supposed to be able to review all available products and services before recommending the right one. But the concept of best advice is one of the big failures of the new regulatory system. It sounds simple enough.

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MANY people might like to buy shares but, privatisations apart, do not know how. It is easy to fill in a newspaper form to get 100 shares in British Gas, but the business of stockbrokers and dealing charges puts off many potential investors.

So how do you buy shares? It is not as easy as purchasing a holding in a unit trust, when you can simply buy and sell units over the telephone.

If convenience is more important than cost, the big four banks all offer a share dealing service for their customers. Customers can visit a main branch and stipulate which shares they wish to purchase and at what price. The bank will buy shares on their behalf and debit their account when it is time to pay.

If you are not a customer of NatWest or Midland, you may still visit branches which have a share shop and buy shares, but you must give proof of identity and address. Before leaving, you must write a cheque for the amount.

However, the banks may not offer the cheapest deals. Better value may be obtained by approaching a specialist dealer or broker. They do not, however, buy shares for anyone who rings them out of the blue. Most will need references.

The world of brokers divides roughly into two - those who offer dealing only services, and those who give advice and specialise in managing the portfolios of the well-off.

Even those who simply offer a dealing service require some

references. Sharelink, for example, a telephone dealing group in which the majority shareholder is British Telecom, requires a first-time phone buyer to give a name, address for the past three years, banking details and place of employment. It will then buy

This is the first in a series on practical investment for those new to the world of personal finance

shares up to a value of £3,000 and will open an account in your name - through which subsequent deals can be processed. The Share Centre (0800-800008) follows a similar procedure.

If you have decided to buy, for example, shares in Marks and Spencer, look in Thursday's *Financial Times* at the price (listed at 279p). That figure is actually the mid-point of the two prices quoted by traders in shares. Traders refer to these prices as the *offer* - the price at which they will sell - and the *bid* - the price at

How to . . . buy shares

Beginners start here

Scheherazade Daneshkhu on the different routes to owning equities



which they will bid. The difference between the two - the *spread* - is one way in which the traders make money.

Before trading started on Thursday, the bid-offer prices for Marks & Spencer were 278-280p. That means you should expect to pay at least the higher price of 280p for buying shares. However, if you are only buying a small number of shares you may not get such an attractive price. With smaller companies, the spread is substantially wider.

Having established a relationship with a dealing-only

broker, or with a bank, you can call the broker and tell him to buy 500 M&S shares, in which case he will buy them at the best price available in the market. He will contact a market maker, a trader in shares, to meet your order.

There is a risk, however, that the Marks and Spencer price might have gone up since the previous day's close. An alternative strategy might be to stipulate a price limit on the deal - for example, you will not pay more than 285p. This is a particularly good idea if stock is being bought as the

result of a tip - for example, in a newspaper. If a lot of people act on the tip, the price may go significantly beyond the "bargain" price recommended by the newspaper.

The broker should repeat the order back to you, and the order once placed is a verbal contract which cannot be changed. The broker will then send you a *contract note* stating the name of the company in which shares were bought, the number and type of shares, the price per share, the commission which is charged on each stock traded, and stamp duty.

Commission is normally charged as a percentage of the amount you pay. There will be a minimum charge which will push up the percentage on small deals (under about £3,000). Sharelink has a minimum commission of £20; the Share Centre charges a minimum of £12.50. NatWest and Midland's is £20; at Lloyds, it is £25 and Barclays, £28.

Stamp duty is a tax on the sale of shares and property and is set at 0.5 per cent of the amount paid, rounded up to the nearest £50.

The contract note will name a *settlement date* for the account - in other words, it will tell you when payment for

the shares is due. This is set with reference to the Stock Exchange's peculiar system of an *account period*, which usually lasts 10 working days, starting on a Monday and ending on a Friday. The due day is the sixth working day after the account period and therefore falls on a Monday.

The broker will usually open an account in your name into which your cheques will be paid. Some brokers will require you to put in about 10 per cent of your proposed investment up-front; others may want more or less. Check that the money earns interest while it is idle in the account - the rate will vary.

At the end of the account period, the broker is likely to send you a *statement* setting out the totals from the contract notes sent during the account period. You should receive this on or about the Tuesday before the due date, at which time you should send off a cheque for the balance in order to have it cleared in time. If you do not pay on time, the broker can charge interest.

It is important to check the contract note to make sure it is correct and to keep it for the payment of capital gains tax once you come to sell the shares. After about six to eight weeks you should receive the share certificate. Many people keep these in the bank; it usually costs around £20 to obtain a new one if it is lost.

■ The Stock Exchange, London EC2N 1HP. Tel: 071-589-2355. ■ Next week: how to find a broker.

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THE M&G FULL £6,000 PEP

FOOD & DRINK

Why Californians are dreaming of Chardonnay

Jancis Robinson on a wine which, at its best, is shimmeringly vibrant, taut and whistle-clean — but not simple

DID ANYONE out there by any chance take my advice and buy Kistler's 1988 Dutton Ranch Chardonnay? Better still, did anyone dislike it? I would happily take the wine off your hands.

I bought a case 18 months ago for about £150 from The Wine Treasury, London, SW1 and regret sharing it with a friend whose need seemed so great at the time. He had just

got back from an author's tour de France and rushed around to plead for some of our delicious California white to wash away the memory of his French publisher's ditchwater-dull burgundies.

His was a typical reaction every time we served this wine, California Chardonnay at its best, shimmeringly vibrant yet taut, whistle-clean but not simple.

Now that I have tasted Kistler's 1989, and many others' besides, I can see that most from Napa and Sonoma are not nearly as concentrated as the 1988, leaving a very obvious hole in my cellar.

At about the same price level, I could fill it with Australia's best 1990 Chardonnays (Weekend FT August 31), with some of Italy's best Chardonnays such as Antinori's Cervaro or with some of Burgundy's bottom-rung names from the super-ripe 1989 vintage. But none of them would provide quite the same glossy thrill as a top Chardonnay from California.

Californians take Chardonnay very seriously. They have twice as much of it planted as in the whole of Burgundy and it is the flagship of many a winemaker.

They are well past the phases of giving us too much flavour (early 1980s) and subsequently giving us too little (late 1980s) and now lavish extraordinary attention on de luxe winemaking techniques involving fermentation in small oak barrels, stirring the lees at carefully monitored intervals and deliberately partial encouragement of the second malolactic fermentation.

When Burgundy is good it is divine, but divinity nowadays costs £300 a case and up. A really well-made Chardonnay from California, such as any in the accompanying box, can be much more reliable.



Tom Burgess, of Burgess Cellars, in his vineyard at St Helena overlooking the Napa Valley (picture by Glyn Gennin)

CALIFORNIA CHARDONNAYS

Hess Collection 1989, £115 a case, John Armit Wines, London W11. Special offer from one of Napa's most respected winemakers.

Saintsbury Reserve 1988, £11.75, Adams of Southwold. I have yet to taste a disappointing bottle from these producers who really do have a 'fin' in their name.

Eden Valley 1988, £11.95, Les Amis du Vin, London W1, The Winery London W9.

One of the more impressive 1989s, not plagued by the rains of Northern California. My notes say 'Karpow' — but subtler than some previous vintages.

Matanzas Creek 1988, £12.10, Haynes Hanson & Clark London W8 and SW6. A stunning wine to serve those who think California Chardonnays have no ageing potential.

Au Bon Climat from Morrie & Verdin, SW1. A range of great, exuberant wines imported by a Burgundy enthusiast.

Mondavi Reserve Chardonnay 1988/7 £16 The Winery, London, W9. Mondavi's Reserve Chardonnay had been consistently fine for almost a decade — quite an achievement.

The 1988 is almost Burgundian, and very long flavoured; each mouthful should last at least twice as long as one from an £8 bottle, such as the extremely respectable Frog's Leap from Lay & Wheeler of Colchester. The 1987 is also out of a very top drawer indeed and is the wine more often encountered in good restaurants and hotels and the moment. The Winery's price is only just above the wholesaler's.

Toast the taste of bourbon

AS I THINK my illustrious neighbour, Jancis Robinson MW, would agree; much of the wine debate these last two decades has centred on oak.

Until the 1970s oak casks and barrels were used to gradually oxidise wines and spirits in order to develop the secondary aromas associated with maturity. Then it was discovered that new oak barrels gave a flavour all of their own which was reminiscent of vanilla, butter, coconuts and spices.

People began to like these flavours in their wines and now few sophisticated wine makers have the courage to make wine without passing a little of it through new oak.

As the wine makers soon discovered, all the different sorts of oak have different tastes. The most highly flavoured of the lot is the white oak found sometimes in central Europe, but above all in Kentucky.

Kentucky oak was not, however, discovered by the wine makers; for two centuries the bourbon distillers of Kentucky have been aware of the importance it has in flavouring their whiskeys. It was bourbon makers who first learned to "toast" the oak to give the spirits in the cask the smoky, caramel taste associated with bourbon.

Various legends are advanced to explain the invention of toasting; possibly the

most credible concerns one Rev. Elijah Craig who two centuries ago accidentally burned the insides of a barrel and found the charcoal to have a beneficial effect on the whiskey. "Toasted oak" is another thing which wine makers have borrowed from the bourbon producers: indeed it has become a virtual *sine qua non*.

With the oldest surviving distilleries dating from immediately after American Independence, bourbon whiskey can claim a long history; longer, in fact than any licensed distillery in Scotland. According to Bill Samuels, head of Maker's Mark distillery, however, we must not assume that bourbon was always made with as much care in those days. Before Prohibition, Samuels says, bourbon was affectionately known as "red-eye" or "Uncle Joe's Mountain Squeeze" and was, by all reports, little more refined than an Irish pot-stew.

Scottish malt whiskey is made from 100 per cent malted barley, bourbon, however, is made from another local ingredient: Kentucky maize. Bourbon is legally required to be 51 per cent maize which adds to the spirit's sweet appeal. Some of the better distilleries such as Maker's Mark and Rebel Yell boast a high proportion of wheat which makes the whiskey slower to mature.

Another quality factor is the water: most of the distilling region lies on a limestone belt which provides particularly pure, limpid water.

Bourbon suffered from 14 years of Prohibition when the enterprising new men of Scotch made their first inroads into the US market. There is an indication that they might be beginning to get their revenge as bourbon is now taking off in Britain to the delight

Giles MacDonogh sips Kentucky whiskeys

ment of the native spirit. Apparently it attracts a certain type of drinker; bear with me while I quote from Rebel Yell's press release.

"The Rebel Yell drinker sees himself as confident, independent minded, sociable and adventurous, with a genuine city-scene lifestyle. He will drink premium imported lagers and have a disposable income which supports his desire to be seen at his best. Music is a major part of his lifestyle. His girlfriend is a secondary target, who will be attracted by the mixability of Rebel Yell, drinking it long, with cola."

Oh dear, sounds like our old

friends Essex Man and Woman. Whisky Cola is a drink which I associate with old fashioned night clubs in pre-modern Prague, but perhaps I am not sufficiently switched on.

Like most of the younger bourgeois Rebel Yell (minus the cola), leads on the oakly flavours it derives from its casks. The biggest seller in our market is the basic Jim Beam white label, which reminds me more of some of the grainer Irish whiskeys. Old Granddaddy comes at the higher strength of 43 per cent and I find it more attractive with its "gingerbread" character. The popular six-year-old Four Roses is another bourbon that leads on barrel flavours.

Far more interesting is the eight-year-old high strength (50.5 per cent) Wild Turkey. This is a quality whiskey with a complex range of honey/spice aromas and probably the best of the available bourbons in the traditional heavy style.

The eight-year-old Evan Williams is another whiskey for Mr Chip the Carpenter. The 45 per cent Black Label Jim, also eight years old, is a fine, but delicate bourbon with rather more orange and lemon character and a subtle spiciness.

The best of this subtler school is Maker's Mark (45 per cent) which leads on citrus aromas; and is not designed to be wasted on Essex Man.

Cookery/Philippa Davenport Califood — the fun fashion

turning as necessary, until the onions are slightly charred on the outside and juicy and sweet within.

Delicious as a vegetable partner for roast beef or chicken, vegetarians will appreciate the onions served on a bed of toasted almond rice (1 oz of nuts for every 3 oz of brown rice) with a spiced mango sauce on the side (finely sliced mango stirred into equal quantities of yoghurt and mayonnaise, spiked with toasted and ground cumin and coriander seeds).

Onions seem to be the only exception to the rule that vegetables must be cooked over a barbecue or in a ridged grill pan to acquire properly the char-grilled characteristics of caramelised surface and succulent centre. Cooked under the grill of a conventional gas or electric cooker, they emerge perfect every time.

Madison char-grills onions in ¼ in thick slices and serves them with cinnamon-chili butter (½ teaspoon ground chili, 2½ teaspoons ground cinnamon, ¼ teaspoon lemon juice and a little salt mashed into 4 oz butter). Or, for a fatless dressing, with plenty of black pepper and a dash of vinegar, preferably balsamic vinegar.

My method is to marinate wedges of onion and whole butternut onions in a little olive oil with some toasted and bruised cumin seeds and a few bay leaves. Thread them on to damp wooden skewers (wetting prevents burning) or dried fennel stalks. Cook under a pre-heated grill for 15-20 minutes,

the original position. Turn the vegetables over and repeat on the second side. If you keep moving the food and checking on how it is doing, well-defined hatch marks will never result.

"CHAR-GRILLED" ONIONS

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SLASHED TOMATOES AND AUBERGINES WITH PESTO

Softening vegetables by baking them in the oven before finishing them under a conventional grill produces the same sort of succulent centre and crisp surface that char-grilling does. It is an excellent way to cook aubergines, worth while with good tomatoes and I plan to try mushrooms next.

Halve smallish aubergines lengthways, crisscross score the flesh deeply, sprinkle with sea salt and leave cut side down on a plate for an hour. Treat large meaty tomatoes the same way but pick out some of the seeds first with a coffee spoon and salt them for just half an hour.

Blot the vegetables dry, lay them cut side up in a lightly oiled dish and bake at 400°F (200°C) gas mark 6 for 20-25 minutes until hot and tender. Spread generously with pesto and allow to bubble and brown under a hot grill. Serve as a dish in its own right or to accompany meat or fish, but always with plenty of good crusty bread for mopping up.

Appetisers

Eating out by computer

COMPUTER TECHNOLOGY married to the subjective world of restaurant guides? Who, other than two food-crazy New York lawyers, would ever have thought of it?

Nina and Tim Zagat fell in love with food working in Paris in the late 1960s. In New York

regular monthly dinners with equally enthusiastic friends convinced them of the need for a collection of reliable opinions from frequent restaurant goers that would be more reliable, they hoped, than the idiosyncratic opinions of an individual restaurant reviewer.

Initially, mimeographed sheets appeared circulating among large companies and law firms. By 1982, 500 people were evaluating their top 300 restaurants and this hobby had cost the Zagats \$10,000.

In 1986 Tim Zagat went full time into the guide business as sales of the Zagat New York City Restaurant Survey reached 75,000 — sales this year for the New York guide will be more than 300,000. The Zagats now offer restaurant guides to US cities such as Los Angeles, San Francisco, Houston, Chicago and Baltimore as well as hotel guides to the eastern and western states.

Anyone can apply for their questionnaire for which the reward is a copy of the finished guide. The information is then processed, stored to provide one day perhaps the first national restaurant and travel information database, and concise evaluations follow.

The guides provide useful, consumer-friendly indices to the top-rated restaurants, the top eclectic restaurants or "super buys under \$15" — as well as special "awards" for

those restaurants which maintain high prices and very good custom but offer disappointing food.

Last year the Zagats attempted to invade the London restaurant scene but without success. In spite of the help of two leading British food writers their questionnaire confused many. The majority of replies came unrepresentatively from Americans living in London.

US scientist Harold McGee, one of the country's most stimulating and original food writers, gave the annual Bedouin lecture to the Guild of Food Writers in London this week. The lecture, "Some Kitchen Experiments and Speculations," encapsulated the scientific and culinary world McGee has made his own since giving up his dissertation on Keats at Yale University.

In 1984 McGee made those in commercial and domestic kitchens aware of what happens on their kitchen stoves with the publication of *On Food and Cooking — The Science and Lore of the Kitchen* which will be republished later this year by HarperCollins (£16.99). Chapters deal with the cooking of meat, eggs and dairy products as well as bread, doughs and batters; there is an analysis of how sauces work (and often do not) and a summary on the principles of cooking.

More Food & Drink: XIV

Nicholas Lander

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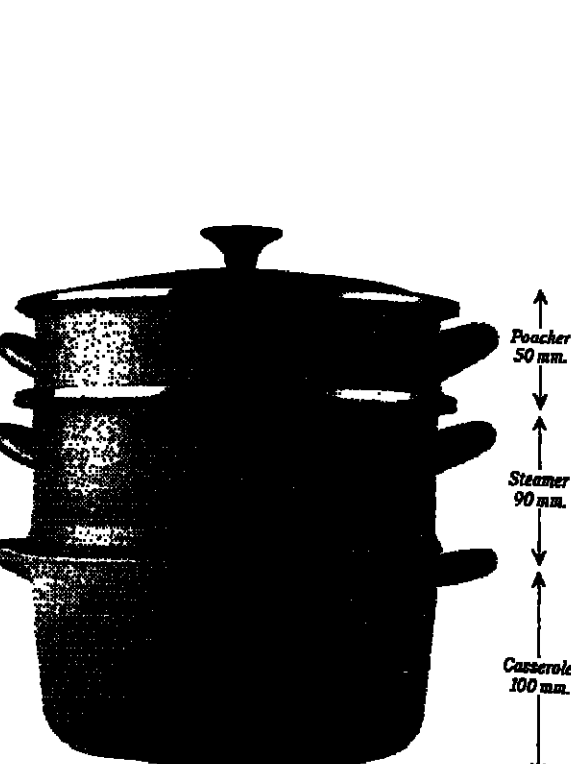
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LE CREUSET

PERSPECTIVES

Buddy, can you still spare a dime?

For richer, for poorer: the gap between America's haves and have-nots is growing ever wider, says Michael Prowse

LIVING in Washington DC, it is impossible to escape the tyranny of the paper cup.

Approach a Metro station at any time of day and somebody will be begging a cup. I often find myself running a gauntlet of placards reading "Hungry and homeless" or "Jobless with children to feed" and so forth.

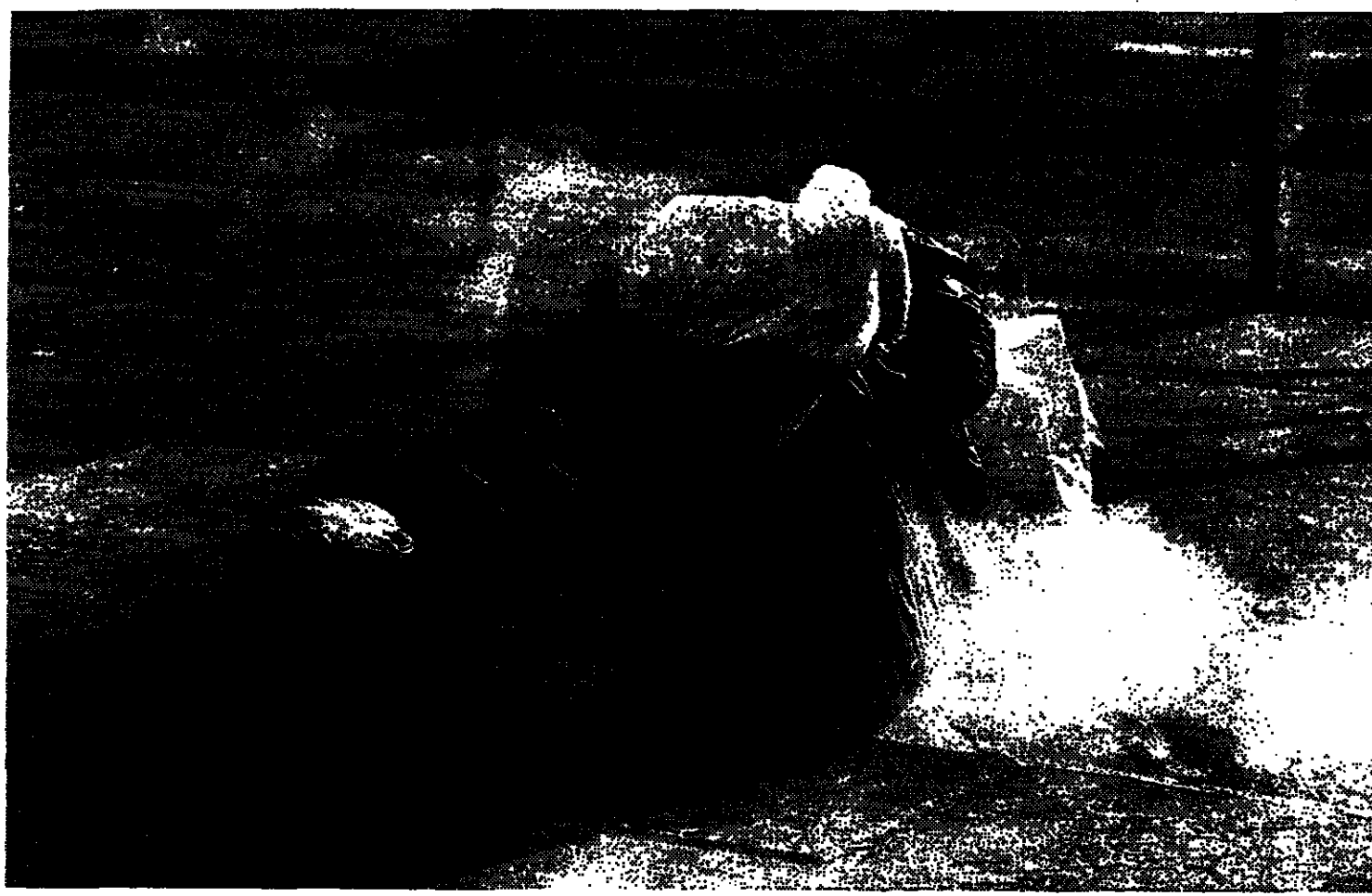
Panhandlers in the street - even in the most affluent areas of US cities - are a nagging reminder of the contradictions in American society. The nation that provides the greatest scope for individual enterprise has one of the highest poverty rates in the developed world.

The nation that dominates the world political stage cannot prevent begging a few yards from the White House. Americans are baffled and embarrassed by the minority of their compatriots who seem unable to help themselves.

The bad news for the Bush Administration is that the numbers left behind are growing. Last week, the US Census Bureau reported a sharp rise in the official poverty rate, the first since 1983. The increase, a natural consequence of the economy's slide into recession last year, received extensive coverage in the US media partly because it added bite to a long-running debate between Democrats and Republicans about policy priorities.

Many Democrats regard the collapse of communism as an opportunity not only to reduce the budget deficit but also to engineer a sizeable shift of resources from defence to domestic programmes. But George Bush, disparagingly dubbed the "foreign policy president," shows only sporadic interest in domestic affairs and the outward signs of a war on poverty. Critics wonder why a man only too willing to help Kurds and Bangladeshis remains oblivious to the plight of poor Americans.

The extent of poverty is a matter of controversy. The official poverty



Down and out in Washington: the US has one of the highest poverty rates in the developed world

rate rose to 13.5 per cent last year, compared with 12.5 per cent in 1989 and a recent high of 15 per cent in 1983. The figure is based on the proportion of Americans living below a supposedly objective threshold of need, estimated at \$13,369 (\$7,877 for a family of four in 1990). The threshold, which is indexed for

inflation, was created in the 1960s by tripling a basic food budget. Conservatives say the figure is misleading because it ignores \$129bn in non-cash benefits, including food stamps and subsidised health care, for which about half the poor qualify. British readers will note that the threshold is not

far below the starting pay of UK school teachers. While the official poverty rate may not properly measure the numbers of destitute Americans, it provides a guide to relative levels of deprivation. The poverty rate for whites last year was 10.7 per cent compared with 28.1 per cent for His-

panics and 31.9 per cent for blacks. This accurately measures the distribution of economic advantage by race. The breakdown by family type is equally revealing. The poverty rate for married couples without children was lowest at 5.7 per cent. The poverty rate for all families with

children was 20.6 per cent. The rate for female-headed households with children was disturbingly high at 44.5 per cent.

The official data also provide a guide to poverty trends over time. A popular critique of the past decade of Republican leadership is that "the rich have got richer and the poor poorer." The figures bear this out. The incomes of the top 20 per cent have risen substantially, but the poverty rate - even before the onset of recession last year - was higher than at any point during the 1970s.

Many Americans seem pessimistic that anything can be done about poverty. But they forget that the US has already won a decisive victory in one battle against deprivation. In the late 1980s, the poverty rate for the elderly was almost 30 per cent. It is now just over 12 per cent. The difference is largely accounted for by the expansion of social security - the hugely popular public-sector pension scheme.

The biggest problem today lies with families with children. More generous welfare policies would certainly help. The US is the only large industrial country that does not provide a universal benefit for children - such as Britain's Child Benefit. And in spite of tax reforms in the mid-1980s, the tax system discriminates heavily against families with children: since 1948 inflation has eroded the value of tax exemptions for children from 42 per cent to 11 per cent of per capita personal incomes.

Rebecca Blank, a poverty expert at Northwestern University, points to Canada as an example of what more enlightened public policies could achieve. In 1970 Canada had a higher poverty rate than the US. Over the next 20 years, the Canadian rate fell by more than 50 per cent, so that it is now substantially below the US level.

Canada is still a poorer country

than the US but it has fewer poor families. Among female-headed households, the poverty rate is about a third lower. Yet labour market participation rates are almost identical. The difference in poverty rates largely reflects more generous Canadian public assistance, which is worth about an extra \$1,500 a year for a family on \$10,000.

But handouts are only a partial remedy. Many economists are puzzled that traditional "trickle down" effects are no longer working. In the 1960s and 1970s, real economic growth did result in declining poverty rates. In the 1980s, it did not. If past relationships held, the poverty rate would now be about 9.5 per cent. Blank says growth no longer reduces poverty significantly because of changes in the structure of wages. The poor worked harder in the 1980s, as in previous economic expansions, but declining real wages for the unskilled offset the benefits of longer hours. This suggests the best long-term cure for poverty would be greater investment in education and training to raise the skills of the low paid. Such programmes would be most efficient if they were targeted on groups, such as female heads of household and minorities, that are especially prone to poverty.

At the heart of policy disagreements in the US lie sharply different assessments of the relative importance of personal effort. Conservatives believe that, with hard work and determination, many of the poor could improve themselves. Liberals retort that poor schools, housing and health care coupled with escalating crime and the breakdown of traditional families create insuperable barriers for many in the urban underclass. But while the ideological wars rage, the paper cups and placards proliferate. When I enter the Metro tonight, somebody is sure to ask whether I can spare any change. In a land of plenty, it makes you think.

Fitness not fatness defines the elite

Barbara Durr puffs along to a posh Chicago health club regarded as the most exclusive in the US

GEORGE ORWELL might feel at home here. In a huge bright room, hundreds of people puff on exercise machines, staring at four television monitors high on one wall. All the bobbing heads are wrapped in the yellow headsets required to tune into the news, sports, or soap opera programmes of their choice.

But in place of Orwell's 1984 bleakness, there is glamour.

The bulging male fore-

arms are adorned with Rolex gold watches. The impossibly perfect women's bodies are moulded by flashy spandex. The surrounding decor is richly crisp. Welcome to East Bank Club of Chicago, the poshest health club in the US - and a top gathering spot for Chicago's business elite. It enshrines what has become a uniquely American ethos in business life: the need to look fit.

Once upon a time, a well-

clad paunch and an expensive cigar were the outward signs of business success. No longer. Now, for both men and women, a trim body and the gleam of physical robustness are important signs that the executive is fit for the front line of corporate battle.

John McCarthy, executive director of the International Racquet and Sport Association, an industry group, says: "People in the US recognise the importance of regular exercise for performance and the long term ability to withstand business pressures."

But East Bank Club goes beyond mere exercise. The sprawling facility is the gold standard for the \$6.4bn a year health club industry. "Every club in the country keeps an eye on what East Bank is doing," says McCarthy.

The club offers a fitness freak's dream menu of facilities: three swimming pools; a quarter-mile-long indoor track;

free-weights and fancy weight machines such as the Gravitron; stationary bicycles; treadmills and stairs machines; various styles of aerobics classes; tennis, squash, and racquet courts; and even an indoor golf driving range.

All this comes with amenities such as massage rooms, whirlpools, saunas, manicures and pedicures for women, and shoeshines for men. Three restaurants - one rather grand - dish up first class meals.

But East Bank is not simply a well-stocked health club. It has an aura. Business people cut deals here. Professionals net contacts and contracts. Movers and shakers - politicians, movie stars, sports heroes - are here. Paul Gluck, a top US corporate image con-

sultant, remarks: "Belonging to that club imparts identity. Membership conveys success, he says. 'Some belong because of who they want to be, and others belong because they've arrived.'"

When Daniel Levin and James McHugh bought the riverside plot in the mid-1970s, their idea - mundane enough - was to build a residential complex. Its location, now known as River North, is considered chic, but in those days it was a rundown section of central Chicago with ageing industrial warehouses.

Light dawned on Levin and McHugh, and they decided to build an urban country club instead. They put an initial \$18m (£10.50m) into the building, and have invested a fur-

ther \$15m in improvements. The partners caught the tide of Chicago's rise as an international financial centre over the last decade or so, bringing a revitalisation of downtown neighbourhoods and a phalanx of well-heeled financial executives.

East Bank Club opened in 1980 with 3240 charter members. It operates as a private partnership, with annual revenues estimated at between \$20m and \$22m. It now has some 9,000 members. Anyone can join who can pay, but the price tends to keep out those who seem less socially desirable. The individual initiation fee is \$300; monthly dues are \$95, and the club charges separate fees for courts and other services.

New recruits usually arrive through invitations from members. East Bank does not advertise. (In the opinion of Betty Sacks, the amiable director of club services, that would be an insult.)

Mark Jacobson, an executive with JMB, a Chicago real estate company, says his morning workouts at the club "set up my day. I feel better for it." He also frequently takes clients to lunch at the club "because it's a nice atmosphere to talk business."

Like Jacobson, Carl Hammer is one of many male members who arrive at about 5:30 am for their exercise routines. Hammer, an art dealer, calls the morning networking of these men "invaluable." "It's a bonding kind of thing," he says. "When they're looking for art, they call me."

The club also plays a crucial social role. Now that the traditional social networks of extended families, neighbourhoods and churches have largely broken down, meeting people often takes place at the health club. One medical doctor, Jim McCoy, says that most of his closest friendships have been made through the club. And when Ellen Shapley, an executive with a headhunting company, first arrived in Chicago, she joined East Bank because "it made me feel more a part of the city. It was a way of connecting."

Last, but by no means least important is that East Bank is also where boy meets girl. There is some extravagant preening. One joke is that hair dryers are the most used pieces of equipment at the club. And



The sprawling East Bank club: goes beyond mere exercise

club parties take on an unpleasant "meat market" flavour - although this is scarcely disheartening for some. One rather flamboyant single attorney calls East Bank "a five star pick-up place." Yet, this aspect aside, the club has become the anchor in

many people's lives. Betty

Sacks says she often hears

from members that they don't

know what they did before

joining, adding that East Bank

membership is so important

that, even through the recession,

"it is the last luxury that

people give up."



Getting rid of the most upmarket flab in Chicago

Motoring

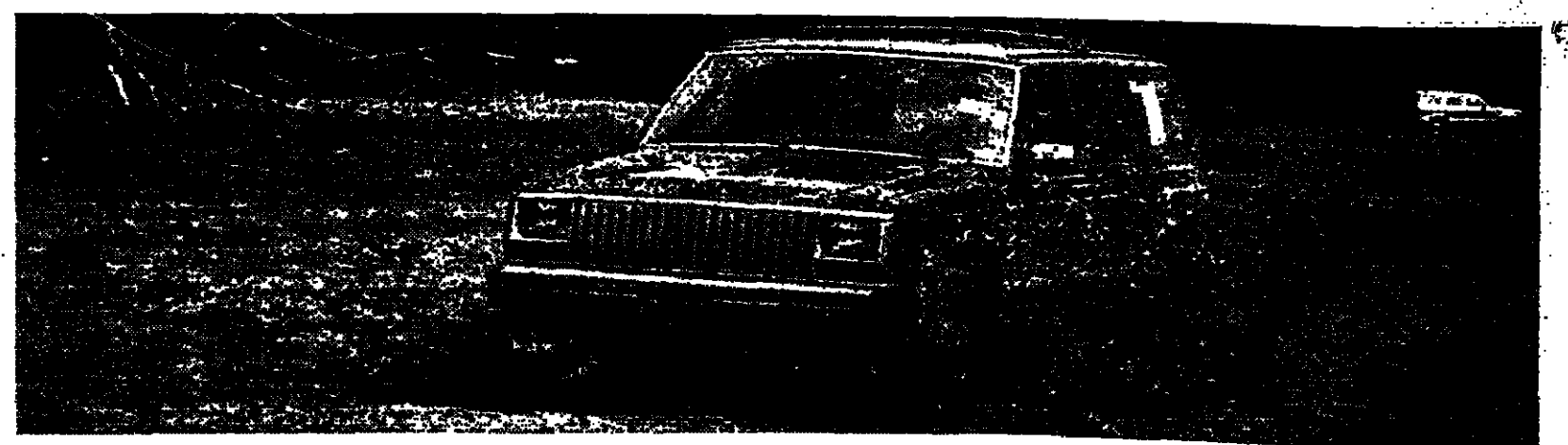
Willing workhorse for would-be GI Joes

HAMBURGERS and Coca Cola apart, what could be more American than a Jeep?

The original Second World War Jeep had an engine dating back to the 1920s, a three-speed gearbox and, of course, four-wheel drive to make it mobile across country. American GIs unfortunate enough to drive them in North European winters called Jeeps "mammoth wagons". They did not exaggerate - a Jeep's canvas hood prevented it from filling up with rainwater, but not much else.

When peace came the Jeep lived on and waxed fat. Even traditional-looking open Jeeps appeared with V8 engines and automatic transmissions. Jeep station wagons became monstrously big. Though fine for towing trailers on-road, they were much less at home off-road, where few owners took them anyway.

In the early 1980s, while Jeep was part of the Renault-controlled American Motors organisation, a new generation of station wagons appeared. Euro-



pean in scale and agreeably styled, they have sold well in left-hand drive markets such as France and Germany.

It seemed not to have occurred to American Motors to make Jeeps with right-hand drive. But Chrysler, which took control of Jeep when Renault pulled out in 1987, believes

that enough Britons will buy them to make production worth while. The Jeep Cherokee station wagon for Britain will make its debut at the Birmingham International Motor Show in a year's time and go on sale in the UK soon after. Later, tough-looking Jeep Wranglers

with right-hand drive will be added.

Chrysler's UK distributor, TKM Automotive, has not decided on specifications or prices. But on mainland Europe the Cherokee is sold with 2.5 litre, 4-cylinder and 4-litre, 6-cylinder petrol engines and a 2.1 litre Renault-

made turbo-diesel. They drive all four wheels through 5-speed manual or 4-speed automatic transmission.

Cherokees in the US have quite soft suspension and ultra-light steering. Comfortable seats, air conditioning and a noiseless transmission made those I drove pleasant on road.

Let loose in a mudbath, as in the picture above, they went much better than I had expected. In Britain, they will compete with Land Rover Discoveries, Range Rovers, Mitsubishi Shoguns, Isuzu Troopers and the new Vauxhall Fronteras.

Stuart Marshall

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PERSPECTIVES/OUTDOORS



Window on a wilderness: a view of the Grand Canyon. But having your own mobile home can take you to places other tourists cannot reach

Driven wild in the west

IT IS a bright blue Arizona morning and in the desert south of Phoenix little moves in the heat haze. Giant cacti, looking like an army of prickly hat stands, stretch away as far as the eye can see. But just 30 minutes into a driving tour through the south-western US I am beginning to suffer a nasty case of cold feet. "Call this a holiday," I ask myself as I gingerly accelerate in the direction of Tucson.

"I was a fool to even contemplate the idea." The cause of this anguish stretches for 30 very long feet behind me: I am at the driving wheel of that distinctive American form of transport known as the Recreational Vehicle, or to its friends simply as the "RV."

At this early stage of our acquaintance mine feels like a terrifying juggernaut. Two days later, when the machine breaks down for the second time, furious frustration leaves no room for other feelings.

An RV is a superior form of mobile home — a sort of caravan and coach combined — and the more luxurious versions come complete with a lounge and dining area, fitted kitchen, shower, loo and separate bedroom, not to mention central heating for winter and air conditioning for summer. (Rental vehicle furnishings, however, may be well worn.) An RV, in short, allows you to head off into the great American outdoors, to parts that know not the civilising influence of the Holiday Inn, and enjoy the sensation of camping without the discomfort.

In Britain, nothing would induce me to take a holiday in anything like this. The weather is unpredictable, the roads are clogged and I have a snobbish prejudice against caravans and those who occupy them. But they order these matters better in America.

The roads are wide and the traffic relatively light (outside the big cities) while the weather is much more reli-

able. And because the US is such a mobile society, camp grounds are generally clean and efficiently run, and you can meet the most interesting people. (You can also meet some dreadful ones, but let that pass.) However, our main reason for hiring an RV was none of the above: we wanted to tour the south-west — Arizona, New Mexico and Utah — with three small children.

One look at a map was enough to convince us that it would be foolhardy to attempt this by car. For the distances are vast and a child's patience is very short. Two weeks of children chanting "Are we nearly there?" was our idea of hell. In theory, an RV seemed to pro-

Martin Dickson and family hit the road in a 'recreational vehicle'

vide the solution.

The children would find a novelty in their new home which would kill many miles, and when they got bored they could move around, draw, read, fight and generally kill each other. And with food and a toilet on board, we would avoid forever stopping at ghastly hamburger joints or wayside bushes. Mum and Dad could drive happily for hours across the vast desert wilderness, admiring the endless nothingness, the distant rippling mountain ranges and the subtly changing sky tones. Then, as night gathered, we would pull up at a remote campsite set amid Ponderosa pine trees, beneath a Spanish-sounding range of hills and toast marshmallows on our campfire to the distant howl of coyotes.

That, at any rate, was the theory, and much of the holiday almost lived up to it. The children travelled much longer distances than in a car without mutiny

— and when one went down with chickenpox we simply scooped her into bed and kept on driving. No need to worry about sneaking into a hotel with a large hat covering her scabby face.

We camped in some beautiful places: on the banks of the river that runs through Zion National Park, a deep and hidden sandstone canyon in southern Utah; and on the shore of Lake Powell, a vast man-made expanse of water which snakes for 200 miles through some of the most remote and exotically weathered terrain in the US.

We never did hear a coyote, but we saw some wonderful stars. And the landscape was awe-inspiring with skies as big as those of the East African plains and vistas to match. I cannot say I found the Grand Canyon very moving, but Monument Valley, where red sandstone pillars (or buttes) dot a lonely, endless plain, is eerily timeless. It gives you a wonderful sense of your own insignificance.

But the trip also had its low points. The first hour was pretty bad, as I wondered why the rental company was crazy enough to allow someone with a simple British driver's licence behind the wheel of a monstrous RV, and whether I would blow us all up by incorrectly lighting the propane (heating) gas. However, our rental company did give us detailed instructions before we set out on operating the utilities, and you pretty soon get the hang of both this and the driving.

That said, we were never entirely comfortable driving on hairpin mountain roads: "Get over to the middle, you're right at the edge!" would yell whoever was in the passenger seat. "Don't tell me what to do!" the driver would reply. "If I get over any more I'll hit the cars coming towards us." When we hit a snowstorm on a mountain road in Utah we discovered that an RV without chains slides very easily.

Still, by the end of the holiday I was

carving up speeding sports cars with enthusiasm, and beginning to realise the fun lorry drivers must have as they spread terror along the highways.

Then there were the two breakdowns. First a clogged fuel filter reduced our speed to a hiccupping 15 mph, which is not funny in mountains. And no sooner was that repaired than the electric blew, which reduced the speed to zero, which is not funny anywhere.

We were incensed, and made our feelings clear in a furious call to the RV hire company. Still, at least we had hired our vehicle from the largest RV renter in the US — which runs a 24-hour emergency hot-line and has garages scattered across the country.

We demanded a replacement vehicle and got it — in just three hours, which was no mean feat given that we had broken down far from civilisation on the rim of the Grand Canyon. They also refunded our money for the time lost.

The acid test for a holiday like this is whether you would do it again, and we would, albeit with qualifications.

For one thing, it is not cheap. Hiring an RV can cost you \$100 (\$57) a day, with 100 free miles thrown in and 22 cents a mile thereafter. To that you must add insurance, hire of bedding and kitchen equipment, and petrol for a vehicle which averages 8 miles per gallon. For roughly the same price you could spend your nights in clean but modest US motels and travel in a hire car, which is much more manoeuvrable than an RV in cities. RVs, however, come into their own when you want to get away from hotels and camp — or where hotels just do not exist.

I'm already planning our next voyage — taking in the Northern Rockies and Yellowstone National Park. And this time my only cold feet should be from the icy trout rivers of Montana.

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As they say in Europe

Glitz, kitsch and Mickey Mouse

THE MOST interesting aspect of European press coverage of the US is that it is so sparse. Months of haphazard research have yielded little. Alongside a couple of "think pieces", as they are known, I have the odd rewrite from *Time* magazine and the *Economist*. The bulk consists of stories on tourism, glitz and failure. Most writing about and from the US begins with the words "Washington" or "the Bush administration".

It was all a bit like going through the Illinois papers to find out about France. Things were not always so. Even in the late 1980s there were arguments between the neo-liberals, fascinated by the paradoxes of the Reagan economic miracle, and the social democrats who saw the American model as a grave threat to the Good Society.

Today the typical American story is the one that appeared in the weekend colour magazine in *Die Presse* of Vienna. "Flirtation with Florida — Real kitsch has its charms". The introduction runs: "Either Mickey M or Marilyn M — in the huge pleasure centre around Orlando everyone meets his star. For many youngsters and even more adults Florida is everything but a pensioners' paradise. In spite of all the attacks on kitsch and plastic, American has us in its grip and we are afraid that we shall return."

German papers announce that Florida has opened a tourist office in Frankfurt, but a glowing account of the wonders of the Sunshine State gives warnings about the strange diseases and menaces that are to be encountered in these exotic lands.

America offers a limitless vista of cheap food and hotels. Huddled European package tourists gaze in awe at the Statue of Liberty, then cross the plains — by Greyhound bus.

The societies encountered on the way arouse no more interest than the Sioux and Apache of 150 years ago; how to avoid violence remains the main pre-occupation. The nuggets of serious reporting on domestic matters demonstrate the sea-change that has taken place in transatlantic relationships: Carole Kaps, of *Frankfurter Allgemeine Zeitung*, produced an introduction to the labour unions, the decline of the American working class — and the middle class. "The average

family income today stands at \$23,508 (\$16,512 in 1989 prices, just \$1,500 higher than in 1967. The American employee is disadvantaged compared to his colleagues in other industrial countries also in such areas as health insurance, for there is no comprehensive medical scheme and over 30m Americans must get by without any health insurance."

Even where the virtues of American social institutions are the issue, the story is the threat they face. Thus, *Corriere della Sera*, the Milan daily, produced a comprehensive study of higher education. It was headlined: "US: The centres of learning in crisis."

The writer, M. Piattelli Pala-

in getting a jury together to try what the defence — and the *Rundschau* — accepted as an essentially political trial.

In *Le Monde* the same story had more spectacular results. "A more political than judicial event," ran the headline. The reporter, Bernard de la Grange, wrote that one of the "paradoxes of the case was the fact that the fees of the defence counsel — more than FF2,000 (\$201) an hour — were financed by the ex-general during his long career with the CIA."

The pervading image of sleazy corruption presented in the reporting of this case, and much else besides, was emphasised in this case by the headline. *Le Monde* chose San Jose, Costa Rica. So the domestic affairs of the US may, in certain circumstances, be seen to best advantage from a banana republic. And the readers will not know the difference.

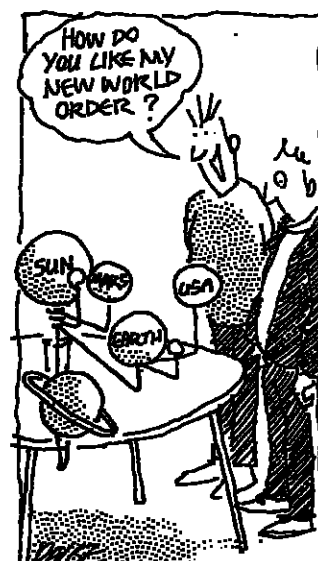
One wonders if the post of Washington correspondent remains the plum assignment for any European journalist. It probably still is the most attractive posting but reputations are built elsewhere — Moscow, Germany, but above all at home.

The present state of coverage of the US tells us more about Europe than America. The western half of the continent at least sees the rest of the world as little more than a series of tourist destinations. One of the most famous, now hackneyed, icons of recent decades is Steinberg's poster of a New Yorker's view of America. Civilisation ends at the Hudson River: a few rocks, Kansas City and the Pacific lie beyond. In the view of the popular European media, New York is replaced by Miami, bounded by Florida beaches and Disneyland. Beyond are LA and Disneyland on the west coast. Otherwise, nothing.

The picture for serious followers of the American scene is little different. Steinberg's poster of the US would be taken from the eastern side of the Beltway, the area within it consisting of Washington NW. Beyond the Beltway lies the Grand Canyon — and Disneyland.

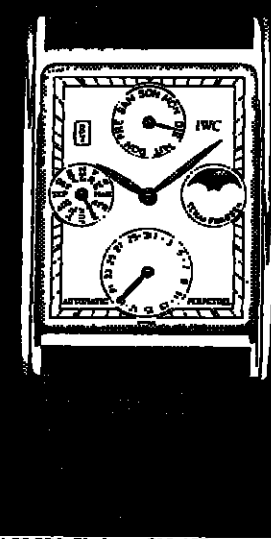
James Morgan

James Morgan is Economics Correspondent of the BBC World Service.



marini, ran through the published figures on the declining level of educational attainment among university entrants and graduates. What seemed a doomsday piece in fact was meant to emphasise one of the unique strengths of the US. It concluded that the world could not afford to lose Harvard, MIT, Columbia, Yale and Cal Tech because they were the foundations of scientific culture and could not be replicated elsewhere. If they disappeared, "There would remain only the rubble of our modern abbeys, testimony to a greatness that once was."

The trial of General Noriega, the former Panamanian dictator, supplies vital raw material for typical "backgrounders" for European readers. The *Frankfurter Rundschau* headed its story, "Dictator, US-Victim, CIA-Mann." Its main thrust was the astonishing difficulty



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Fishing on democratic lines

"I'm looking at those fish that you ain't catching," yelled a large, bearded man, peering down from a road bridge over New York's legendary Beaverkill River. Between us sat a particularly nice pool of good-sized trout, intermittently sipping at the surface.

Nothing guarantees disaster like close observation, and my fly-line immediately slapped down. For ten minutes at least, we kept this ordeal up. He bawled unhelpful instructions. I flailed crossly — far too British to yell back — and the trout became more and more spooked. Eventually, we all gave up in disgust.

Welcome to the joys of fly-fishing in the US. In contrast to the British version of the sport, this is a delightfully accessible pastime, largely shorn of elitism, rigorous conventions, or hugely protected beats. Forget, for example, any rules about upstream casting. Here, the prospective fisherman buys the relevant state licence and throws his line any way he pleases. If he does so inefficiently — and differences between an English chalk stream and the more sporadic hatching patterns on many

American rivers should not be underrated — that is his loss. But there is a downside to this democracy. Anyone who wants to tackle the better-known trout rivers, even on weekdays, when pressure is lighter, should not expect to fish in peace.

Americans are an irreverent race, and that applies as much to the sanctity of a riverbank as it does to national institutions. Private fishing rights and clubs certainly exist but, for the most part, state politicians have fought a fairly successful battle to place decent quality waters in the public domain. Egalitarianism, however, has its price.

As ever, New York City, where many visitors either land or end up, makes the point bluntly. New York's subway muggings and urban riots claim the headlines, but the city's easy access to genuinely stunning countryside is seldom mentioned. It is hard to believe that, a mere two hours' drive from midtown Manhattan, you can be wading up to your armpits in the clearest trout water, minnows nipping your boots and head-high foxgloves waving in the background.

Two of New York's best-known trout rivers, the Beaverkill and the Esopus, lie in the Catskill Mountains to the northwest of the city and can be reached in this sort of time. Parts of the Delaware are accessible in three hours. Head north east, and the Trout Management section of the Housatonic River, dripping down from the Berkshire mountains

Nikki Tait on the joys of America's trout streams

into northern Connecticut, is within a similar range. All this, moreover, via motorway driving.

But tranquility, once you have arrived, may be elusive. The Beaverkill, for example, looks extraordinarily lovely, particularly when the water is high during the early spring, or in the autumn as the tree-covered hillsides start to rust. But a new road now crosses the river more than a dozen times, and the rumble of traffic is never far away. The Esopus,

on the other hand, has become a popular "tubing" centre — aficionados float down the river on large inflated tyre inner tubes. Levels in the Housatonic are susceptible to water releases controlled by the hydro station. And so on.

For all these snags, the popularity of such rivers brings a ready supply of local tackle shops, which will sell licenses, advise on local conditions, and even chalk up fly hatching patterns on blackboards. Alternatively, the visiting angler can seek help in the Big Apple itself. Orvis, for example, has a store just off Madison Avenue at 45th Street. For downtown dwellers, there is the rather less imposing Urban Angler on 26th Street.

Go West, and, in somewhat less exaggerated form, the same broad generalisations apply. On a sunny September evening, for example, the hordes of local lads descending on Box Canyon, one of the best fast-water fishing stretches of Idaho's Henry Fork, are a sight to behold. Boorish? Perhaps. Skilful? Certainly. After all, it is not easy to wade when the water is crashing over ragged boulders, carrying a Budweiser

in one hand, and still hook rainbow trout.

Almost all states protect their best fishing stretches through some form of "catch and release" restriction. This can range from a requirement that all fish be returned, and that artificial flies only are used, to more permissive limitation on the numbers of fish that can be kept. On Silver Creek, an amazingly lush stream that courses through a dust-bowl near Idaho's Sun Valley, the successful angler is actually permitted to take the very large and very small, on the basis that the middling range are most likely to spawn.

Where states do vary is the degree of stocking. This is a controversial subject, on which views have changed as studies of the effects which hatchery fish have on the native population have become more sophisticated. In Yellowstone Park in Wyoming, for example, there is no stocking and the aim is "wild trout in a natural setting". Nip across certain state-lines and the main problem can be a plethora of six-inch hatchery fish. In fact, they are almost as friendly as some of the humans.

GI Joe

HOW TO SPEND IT



Chic shopping: the Dallas Farmers' Market is one of the last large produce markets left in the US. It is open from dawn to dusk every day except Christmas and New Year's day.

Shop 'til you drop:

Dallas and Fort Worth are the natural habitat of the platinum mega-malls and one-horse stores to sift through a

AH, YES, we all know Texas. We have seen the movies, we can find our way round the Alamo; we can say "yawl"; Big Bend County seems almost as familiar as our own home stretch.

James Michener had a stab at putting what we all feel into words when he said: "Texas has a reverberating quality that other places don't have. It has a longer history, a more diverse history. It has the memory... of a pioneer spirit."

These days the Texas of dusty border towns, of praying together and drinking together, of simple values and frontier life, seems long gone. It is much more like the natural habitat of the platinum-card crowd. As this month's issue of *Time & Country* puts it in a witty essay on Houston: "There is little doubt that the indoor sport of choice for many prominent Houston women would be a few hours of aerobic shopping... Nowhere else can a big fat bankroll be

Photographs by
Glyn Genin

reduced so quickly to a pocketful of change." And nowhere else are the finer nuances of service, of luxury, so warmly, so deeply appreciated.

One of the reasons, I assume, that indoor sports (like shopping) are so popular is that in Texas it is too hot to do much outside. Both Dallas (the financial, wheeling and dealing centre) and Houston (the "black gold" centre) boast vast shopping galleries built round ice-skating rinks. *Time & Country* tells me that the Houston one on Post Oak Boulevard has 350 shops; the one in Dallas weighs in with 185.

Something of the old Texan feel remains in Dallas' smaller, older neighbour Fort Worth. There, folk whose wealth was built in the days when cattle was herded into town along the old Chisholm Trail look down upon the glitzy goings on 40 miles along the highway.

Both Houston and Dallas cater for the shopaholic. These are places where women with annual clothes budgets of \$250,000 (£144,000) are not unusual, where some spend much, much more, where Neiman-Marcus has no trouble shifting designer furs and diamonds, and where the

Dallas and Houston love nothing better than something to dress up for. Even in the shopping malls if the women are not in jeans and trainers they will be in heels and sharp little suits. In Dallas they purport to mind about good taste. In Houston it is more important to have *fun*. So take your gladdest of glad rags - leave the Issey Miyake at home. Shops still believe in service and though the sales assistants are there when you want them nobody ever, ever made me feel awkward for "just looking." "Thank you for stopping by," was what even the smallest, poorest looking shopowner said when I walked out without buying a thing.

Of course, you have to start in Dallas. Denizens of Dallas love it dearly. It's been boom and bust and now, according to Paul Neinst, crimp to the stars, Dallas is a better, cleaner place. "Spending money was like a disease, and then fortunes of billions of dollars disappeared almost overnight. There was a lot of sorrow and heartbreak. People who lived in mansions were moving into two-roomed apartments. But Dallas needed to go through that. The money-seekers have gone and we're left with the real Dallasites." Alan Peppard, oil-heir gossip columnist (er... sorry... Society Editor) on the *Dallas Morning News*, young, blond and laid-back in his Ralph Lauren polo kit, thinks Dallas is on the way back. "It is still the greatest town in the world for rolling the dice again. More people come to Dallas to shed their old identities and start again than any other town in the world. As long as the price of oil stays above \$16 a barrel, Dallas does fine."

Visitors will probably want to start on the all-American hobby of shopping by visiting the Galleria, which is interesting for its size, its skating rink and its vast selection of American and international stores - Saks 5th Avenue, Tiffany's, Macy's et al. Almost everybody takes credit cards and will pack and send.

All the American labels like Ralph Lauren, Anne Klein, Liz Claiborne, Donna Karan are much, much cheaper than in Britain. American men's clothes are excellent and shoes are particularly good value. Many stores and departments have permanent sales rails which are well worth scouring. But remember you will have to pay duty when you come back. I bought \$650 worth of clothes and was charged £105.



Inside M.L. Leddy's Boots & Saddlery, 2455 North Main Street, Fort Worth. Here you get a whiff of how Fort Worth began - as a stopping-off place for cowboys driving cattle along the Chisholm Trail that took them from the Texas ranches to the railheads in Kansas. Here they "bathed, drank deeply, gambled and whored" before they set off again. Leddy's has been in the same family since 1822, making some of the finest Western saddles in the world. Boots can be bought off the shelf (about \$750) or custom-made. Rattle-snake boots are a specialty. Tel: 817-624-3149

A visit to a good lingerie department is a must. There you will find undergarments of such variety and finesse that it is hard to imagine how we in the UK have got by all these years with so little support - if you have a problem whether it be drooping boobs or poorly shaped "buddies", there is an amazing range of help at hand.

Retailing, like everywhere else, has suffered in the recession but The North Park shopping mall is doing fine - it has ample parking, lots of choice and one or two "niche" retailers new to me. The Nature Company has cottoned on to the ecology and conservation movement in a most attractive way. It is a very tactile shop filled with jars of rose quartz, adventure and obsession with some wonderful presents for kids - Galileo's thermometer, the Wolford lamp. Brookstone is filled with gadgets that actually work with wonderfully American descriptions.

"More than a toothbrush - a new concept in oral hygiene." A visit to the original Neiman-Marcus is a must even if it does not (how could it?) live up to the splendour of the legend. In the old days, goes the story, when you bought a suit at Neiman-Marcus they asked if you wanted lunch and brought it to you at no charge. Price was never mentioned. Stanley Marcus, say the denizens of Dallas, was the one who turned a down-town store into an international byword and who taught them taste in the 30s and 40s. Stanley might wander in to a department and say: "Oh, take that off, it's awful!" Today Stanley is still pointed out at Dallas parties, but since the brothers sold out in 1979 he looks a little sad.

"How would you feel giving your baby up for adoption?" he asks me. "Well, that's exactly how I felt!"

The downtown Dallas store is quite chic though it cleverly flirts with that "over the top" atmosphere which is so essential to the myth. These days it

looks much like any other good department store but it has one outstanding unique selling point - rails and rails of sock-it-to-em glamour frocks. If you feel your London wardrobe suddenly seems a bit funky or understated for a really glitzy do then look along the rails at

Neiman-Marcus. Its sales and its "last call" mark-downs are eagerly pawed over.

Alternatively the big Dallas name to look out for is Victor Costa - "he did Laura Bush's (George's daughter-in-law) dress for the inauguration" they whisper in awe and he

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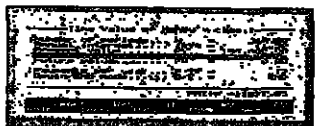
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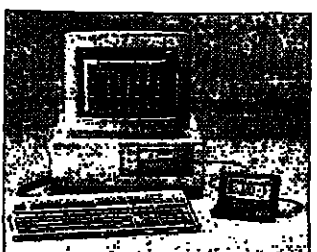
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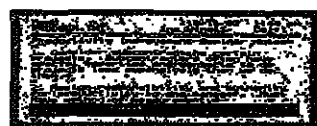
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FOOD & WINE

Cantonese comes out in San Francisco

Ken Hom discovers that restaurants are blending ancient and modern to create a 'nouvelle Chinese'

RECESION has given most of the restaurant business a stomach ache. "Snow blindness", a trade term for a professional hazard - the effect of staring at an expanse of white table cloths covering empty tables - is affecting restaurateurs everywhere.

One shining exception to this general phenomenon is the upmarket Hong Kong-style Chinese restaurant. In London, Paris, Vancouver and Toronto, New York, Sydney and Melbourne, restaurants specialising in Hong Kong-style cuisine are thriving. From the Fung Shing and Dragon's Nest in London to the East Ocean Seafood in Vancouver, to the Nice Restaurant and the Golden Unicorn in New York, daily crowds of sated diners testify to the delights and staying power of these restaurants. Nowhere is this more evident than in San Francisco, where the most popular restaurants are those specialising in the New Hong Kong cuisine.

What is this Hong Kong version of Chinese cuisine? The answer lies in a unique combination of the most honoured traditions and the most contemporary adaptations.

Hong Kong itself is a south China/Cantonese city, but with a difference - a true global crossroads. When you put together an affluent, knowledgeable clientele, a glorious cuisine the ancient traditions of which have always been receptive both to innovation in technique and to new foods and ingredients, and, finally, a profitable premium to be earned on the right combination of the familiar and the exotic, then you have the basic elements of this new Hong Kong cuisine.

For some time, connoisseurs have agreed that Hong Kong offers some of the finest food in the world. In that highly competitive environment, sophisticated diners accord honour and fame to master chefs.

During countless visits to Hong Kong over the past decade, I have witnessed the introduction of new ingredients into that cuisine, subtle innovations in techniques and emphasis - the new approaches attempted in response to the needs and demands of a cosmopolitan and increasingly sophisticated clientele. Contemporary concerns with the relationship between diet and health have not gone unnoticed: Hong Kong chefs, for example, have moved towards leaner meats and low cholesterol ingredients, the only challenge being to make any such changes delicious and tempting. Young master chefs do not disdain borrowing from other Chinese, Asian and western styles. They have led the way in the appreciation of Japanese aesthetics, for example, and the light touch of *nouvelle cuisine*, imaginatively introducing such approaches and blending

them perfectly with the traditional menu. Though Cantonese in origin, Hong Kong is home to the finest in Sichuan, Peking, Thai and Vietnamese cuisines, to name but a few.

The Cantonese tradition is especially receptive to the new. Such chefs will try anything that promises to enhance, in any way, the virtues of the standard offerings. The consistent restraint is for balance: textures, flavours, colours, fragrances must combine and contrast appropriately, that is, appetisingly. Thus, tomatoes, asparagus, and deep-fried milk are now thoroughly embedded in the *canon*, although they are relatively recent acquisitions. New techniques and implements are also readily adopted: the food processor and other modern conveniences are now a part of every large restaurant's kitchen, sharing space with the wok.

In America, notably in San Francisco, restaurateurs have been bringing over Hong Kong-trained chefs to prepare and present their offerings. Their presence is manifest in the authentic Cantonese/Hong Kong style of a number of recently opened and very successful restaurants, particularly in San Francisco.

Until recently, what Americans knew as "Chinese" food was a watered-down Cantonese style, designed to suit what was presumed to be the timid tastes and preferences of the American palate. Names like *chop suey* and *chow mein* were applied to dishes that were by no means representative or authentic Cantonese offerings. Thirty years ago, in my uncle's Chicago restaurant, there were two menus; one for Americans, featuring egg rolls, *chop suey*, chicken *chow mein* and *moor goo gai pan*, with the inevitable fortune cookies; the other, in Chinese characters, which we gave to our Chinese customers. This menu contained a selection of some of the glories of the authentic Cantonese cuisine: squid with black bean sauce, steamed lobster with duck egg custard, salt and pepper prawns. Such dishes are today familiar to sophisticated diners, but in the fifties and sixties they were unknown or exotic to most Americans.

The emergence of authentic Cantonese cuisine has been accompanied by the "coming out" of other Chinese regional cooking styles: Sichuan, Hunan and Shanghai, for example. These styles, which are quite different from the Cantonese, found favour first in Hong Kong and then in America. As might be expected, chefs in Hong Kong have integrated aspects of those regional styles into their new Hong Kong cuisine, and their influence has carried over into the "Cantonese" restaurants that have been opened worldwide in the past decade.

Many of the best of the new Chinese restaurants in San Francisco were opened by recent emigrés from Hong Kong. The marvellous Hong Kong Flower Lounge is one such example. The original restaurant is a well-known place in Hong Kong itself, now the owners have opened two US



Howard Wong, chef at Tommy Toy's Cuisine Chinoise, with some of the specialties of the Montgomery Street Restaurant: lobster with black bean sauce and pine nuts, seafood bisque in a coconut shell and roast squid with snow peas

branches, one in San Francisco proper, the other just south of the city, in Millbrae. It is judged by many food writers to be the best Cantonese restaurant in America.

The owner, Alice Wong, recently described the Hong Kong connection to me: "Our menus and specialties are inspired by what we call *nouvelle Hong Kong cuisine* - it is more varied and creative than traditional Cantonese cooking. Whereas at one time there were ten

set dishes, now there are fifty, with endless variations, depending on what is freshest.

"We prefer the simplest ingredients - in California, where freshness and abundance are the norm, ingredients are not dressed up and we treat them with great care to preserve their natural flavours. We don't even stir-fry in the traditional Chinatown way, either. The oil is even hotter for the quickest possible cooking with much

less fat and grease than the old way. Everything is cooked faster and more simply than in the old (American) Chinatown fashion."

Confident of the quality of its menu, the Flower Lounge has been quite assertive and uncompromising in its Hong Kong/Cantonese offerings. "When we first opened", Ms Wong reports, "many Americans came expecting Chinese food as they knew it from Chinatown. They would order *chow mein*, and when we served fresh thin egg noodles, pan-fried with a topping with very little sauce, they were bewildered, some even angry. They wanted the familiar, dry, crispy Chinese-American version, which has nothing to do with the way we make *chow mein* in Hong Kong. But our food tastes so good that our slow education process brought our diners around. Americans are open and receptive and will try new things. Now our American patrons customarily order dishes that used to be ordered only by Chinese patrons."

Opened in 1984, the Flower Lounge does not rely solely on a local western nor Chinese clientele, but on Hong Kong business people who are constantly commuting between the west coast and Hong Kong. Alice Wong said: "Because we are located near the airport, it is not uncommon for us to see passengers in transit coming for a quick meal before getting on the long flight to Hong Kong." Her local Chinese clientele consists of bankers, manufacturers, as well as those fleeing the uncertainties of Hong Kong. The Flower Lounge is familiar to many of these Hong Kong people, as the food is sophisticated as well as delicious, and the service is excellent.

Offerings at The Flower Lounge include "live swimming prawns", a Hong Kong specialty, in which fresh live prawns are cooked to order either in broth or rice wine. A double boiled ginseng-chicken broth soup was both delicate and flavourful. Salt and pepper prawns were perfectly cooked, crispy on the outside and moist and tender inside. A beef roll filled with fresh mushrooms was fork tender with a delicious light sauce. Beancurd dishes are as good as any to be found in Hong Kong, and the Peking Duck - terrific value at \$30 (\$11.50) - was classic: crispy crackling skin and moist tender meat. Expect to pay anywhere from \$20-\$22 per person, without wine. This, by the way, is a bargain at American prices.

Another example of Hong Kong influence may be experienced at the Harbor Village Restaurant in San Francisco. It too, is a branch of a renowned complex of restaurants of the same name in Hong Kong, and has maintained its high standards in San Francisco.

The restaurant is decorated in a combined contemporary and traditional Hong Kong style that makes dining comfortable - as it is in Hong Kong. The manager, Clifford Chow, explained that his menu in California, reflecting his Hong Kong expe-

rience, are lighter and simpler. Today's lobster or crab casseroles consist of the freshest possible lobster or crab, with a sauce made from natural juices and only a hint of cornflower. Dinner is about \$20-\$25 per person, without wine.

Harbor Village also has authentic Hong Kong-style *dim sum*. The dishes are beautifully arranged and clearly presented. Try the Soup Dumpling, shark's fin soup encased in a delicate dough and gently steamed, an exotic treat. The cold plates, carts offer an array including inexpensive, delicious, small portion of steamed chicken, tender and sesame flavoured jellyfish and zesty pig's trotter. For the less adventurous, there are Chinese barbecue treats, marinated and slowly roasted. The usual steamed pork and prawn dumplings are equally good. Finish your *dim sum* with a dish of pan-fried egg noodles or stir-fried rice noodles, both Hong Kong favourites. You will think you are near the real Fragrant Harbour (Hong Kong's name in Chinese) instead of San Francisco Bay. A substantial luncheon will cost about \$15 per person (without wine).

Another of the most acclaimed Chinese restaurants to open in recent years is Wu Kong, again an off-shoot of a parent Hong Kong establishment. Located in the financial district of San Francisco, it caters to the Shanghaiese crowd of business people from Hong Kong. Although the food is supposed to be authentic Shanghai, to my taste it reflects Hong Kong's deep influence. The result, however, is decidedly upmarket and delicious. The vegetable goose, for example, is crispy layered bean-curd sheets wrapped around savoury mushroom filling. (Once you remember that the eel is a fish it all tastes so much better!) But my favourite dish is the Shanghai dumplings, a delectable moist filling of pork wrapped in a sheer light pasta skin and gently steamed. Expect to pay about \$15-\$22 per person.

The new restaurants bring the dishes red lacquer, bamboo screens, dragon fans and paper lanterns. Rather, the dining rooms have an ambience that is stylish, tasteful, relaxing and conducive to enjoyment and good digestion - I think here especially of Fung Shing and Dragon's Nest in London. One further important point: the service in these restaurants is uniformly good to excellent. Today's restaurateurs know that to keep people coming back, one needs to provide excellent service along with excellent food.

Information: Harbor Village, Embarcadero Four, mezzanine level. Tel: 415 781 8833. Flower Lounge Restaurant, 51 Millbrae Avenue, Millbrae. Tel: 415 878 8108 or 415 692 6666. Flower Lounge Restaurant, 5323 Geary Boulevard, San Francisco. Tel: 415 693 8998 or 415 698 9393. (All major credit cards are accepted at the above restaurants.) Wu Kong Shanghai Restaurant, One Rincon Centre, 101 Spear Street, San Francisco. Tel: 415 957 8900.

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**Dallas old and new: modern
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Those who love antiques and find themselves in Dallas County on the first Monday of the month should head for Canton, a small town, where there is, I'm told, a fantastic flea market with wares arriving from all over the state.

Those of us who got to know America, intimately and obsessively, from Abbott and Costello, Lassie, and countless Westerns, may be looking for more authentic bits of Americana at Kisch. The Antique World is at 3101 Carpenter Freeway, Highway 114 is the place to head for a haunting mix of the debris of a world that is fast disappearing. All the props from the old wind-blown Texas we saw on the big screen. All very cheap but a specialist

Simon David, on Inwood and University, is generally agreed to be the best food store in town. Here you can pick up the ingredients for Tex-Mex food, dried chilis and peppers, blue-corn tortilla chips, blue-corn meal, maple syrup and wild rice at knock-down prices and amazing all-American food mixes.

Even in dollar-rich Dallas there are bargains to be had. If bargains are what you are after start by asking your hotel for a copy of the *Coulet & Discount Directory* which gives the low-down on where to buy cheap - anything from jewelry to shoes, bags and wedding dresses. Those in the know do not need to spend a million to look like a million dollars.

■ **Next week: How to whoop it up in Houston**

■ **Lucia van der Post** flew British Airways from Gatwick to Dallas. There are flights every day. £944 economy return £2,650 business class. There are lots of special deals which you should ask about. For instance, if you book 14 days in advance you can go for a long week for £349 return. If you book 30 days or more in advance the return fare is £546.

would have done Marilyn Quayle's if he hadn't blabbed about it first. — Victor is clearly the patron saint of the "Pay and Play" set. Armani he is not. He is famous for his "interpretations". No "interpretation" is beyond him, and all for sums between \$250 and \$1,000.

What I make me "wow" clothes, he tells me. He shows his customers to shop at his own shop in Dallas's smart Highland Park shopping precinct. But many of them slip along to his ex-wife Terry's discount outlet at The Inwood Trade Center, 1331 Inwood and snap them up, cut-price.

Busy, busy, busy. He is doing a dress for Prince Albert of Monaco's ball at Monaco's Red Cross Ball. Then he must conjure up a little magic for Elena Natcho's wedding dress (a mansion on Southampton is being built for the young pair) and the guests at an 18th century ball before a wedding in the south

If you want a great hair-do and half an hour's worth of entertainment filled with the real low-down on what's what in Dallas go to the salon in The Crescent hotel and ask for Paul Neimast. He does the hair of anybody who is anybody in the Dallas galaxy, from old money

One of the reasons, I assume, that indoor sports (like shopping) are so popular is that in heat-stricken Texas it is too hot to do much outside . . .

(“the sort who pay two PRs just to keep them OUT of the newspapers”) to stars in “that soap” to President Bush: \$75 for the cut, \$25 for a shampoo and blow dry. An “up do” will cost more.

You will not get any of what he calls “buffalodos” from him. “It’s a myth that we like that sort of stuff in Dallas. I’ve seen more of those in Manhattan and Beverly Hills than I’ve

ever seen down here. I keep tellin' people - we have a lot of blondes in Dallas because we're almost in the tropics!"

The Dallas experience, in my view, is best sampled from Caroline Hunt's mansion on Turtle Creek, 2821 Turtle Creek Boulevard - one of the best hotels in the world (and no, not just

according to me, the *Institutional Investor* rated it the 12th best in the world). You can, if these things amuse you, stay in Linda Gray's favourite suite (for those innocents to whom this means nothing Linda is the actress who once played J.J. Ewing's wife) but even if you do not you will be pampered and charmed.

Its less formal eating area, The Promenade, all glass and

greenery, is a good people-watching place - at lunch-time it fills up with the ladies-who-lunch crowd. They go in for pert suits, real gold jewelry, long manes, high heels and are endlessly giving each other presents and producing surprise cakes and balloons. The Promenade is also the

**door sports (like
heat-stricken
outside . . .**

place for the power breakfast where deals are struck and ranches change hands.

According to an oil heir I sat next to at dinner one night, it was The Mansion that really taught Dallas about food. "I came," he told me, "from a house where we had six people standing behind us at table but still we had timed salmon croquettes every Monday and meat loaf every Tuesday."

Caroline Hunt's other hotel, Crescent Court ("Chambord meets the Plaza" as it is described it) is even more opulent and is where she herself, Howard Hughes-style, lives and where any wife finding herself at a loose end while her husband goes deal-making could keep herself amused for hours. There is the spa to visit — The Day of Beauty costs \$80 and for that you are pampered from start to finish and get taken by Cynthia or one of her assistants — the cafeteria, to a vitamin-rich, calorie-deprived lunch and are sent out at the end "all nice and pretty."

Lady Primrose, Caroline Hunt's antiques venture in the Crescent shopping arcade, is a must. Whether it is a Victorian candelabra, some paste jewelry, a wild pearl-encrusted chair or a Tudor dresser, something that you would fill your room it's got to be there. Everything else is. Gifts for "The Squire" are gift-wrapped in genuine *FT* pink. It's a wow — an antique shop done with

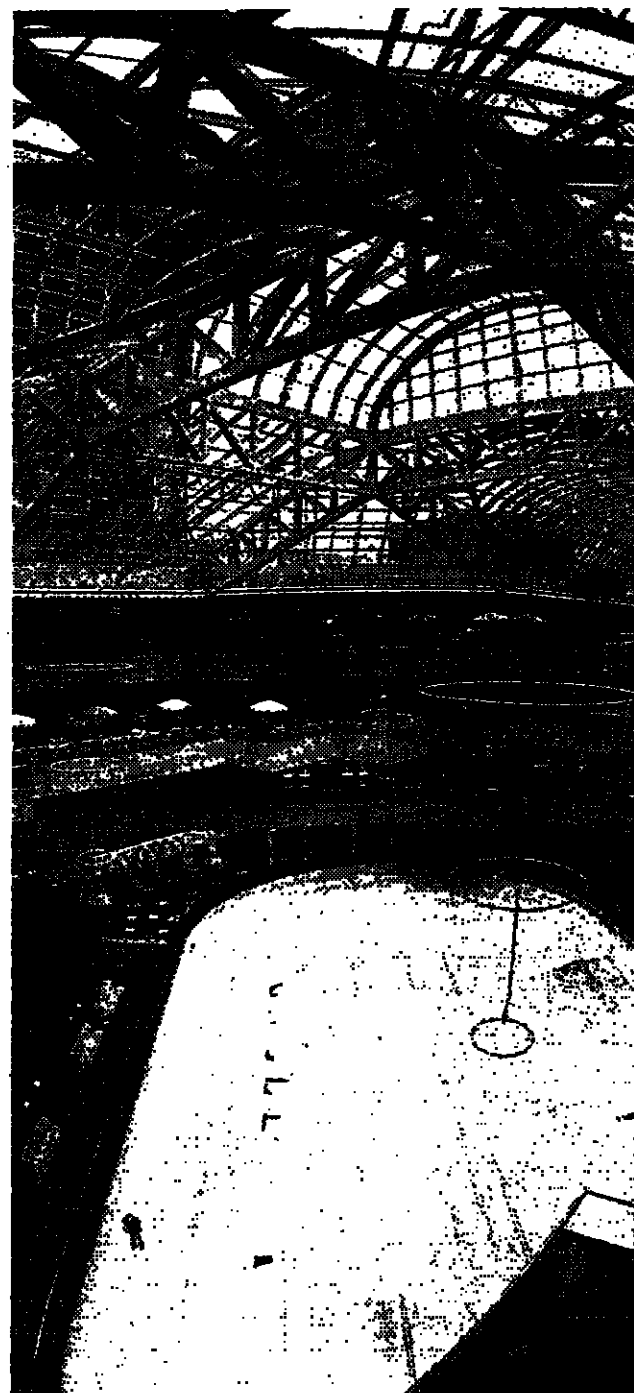


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COLLECTING

Hard times have hurt the big-name New York auctions, but Homan Potterton finds life in the galleries

Less flash, less cash but lots of art

THE HOOPLA which has surrounded the New York art market or the past four or five seasons has abated. Sotheby's and Christie's, which generated much of the fuss with their well-publicised sales, season after season, of record-breaking Impressionist and Contemporary Art seem rather subdued these days.

This is hardly surprising. Sotheby's worldwide sales for the 12 months to August 1991 were down to \$1.3bn (£760m) from \$3.2bn in the previous season and Christie's has not fared any better. Nor has the stream of financial scandals from Wall Street to Tokyo - and not forgetting Alan Bond in Australia - helped very much as, more often than not, flashy paintings at inflated prices have been an integral part of all the boom-and-bust.

In New York's SoHo, where the "spend, spend, spend" of the Reagan era gave rise to a mushrooming of galleries sell-

ing anything and everything, and all of it called Contemporary Art, "For Rent" signs became a common sight last year, and even those places which were not being forced to shut were frequently rumoured to be on the verge of doing so. Mary Boone, whose gallery was one of the great SoHo success stories of the 1980s, was in the papers every week denying that she was about to close and her predicament was not helped when some of the "hot" artists whom she in large part had created - such as David Salle - moved to another dealer.

With all these developments, one might be forgiven for believing that the gallery scene in New York must be dull these days; the opposite is true. All that has been lost is the glitz and many dealers have been jolted by the "auction-house threat" into exerting themselves rather more than they had been.

In the International Antique Dealers Show, which will be

held for the third time this year (October 19-24), New York can boast one of the best antique fairs around. And there is a host of other fairs annually - of which "Works on Paper" in April is perhaps the choicest - where an enormous range of art and antiques of very high quality may be seen.

This autumn, in a move that is definitely not calculated to attract the attention of the high-flying speculator-collectors of yesteryear, several galleries are confidently mounting specialised exhibitions of serious and quite difficult art. The most stimulating of these are "The Expressionist Figure" at the Galerie St Etienne, works by Lyonel Feininger and Mark Tobey at Achim Moeller, and "Western European Sculpture, 1875-1925" at Shepherd Gallery.

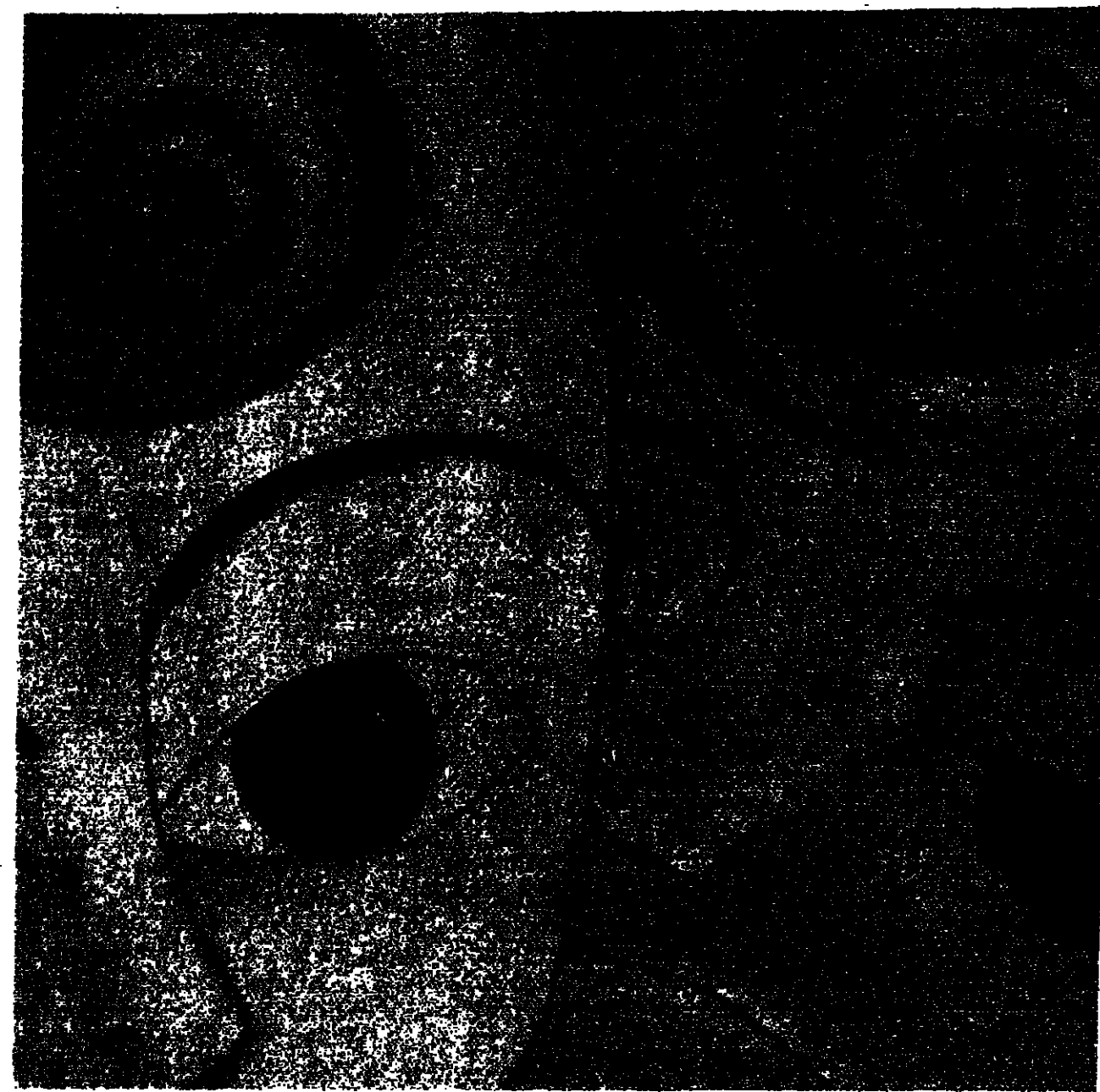
Didier Aaron has an entrancing exhibition with a beautiful catalogue of fashion-plate watercolours by Horace Vernet and Armand Gatti, which specialises in Greek and Roman art, has a large-scale show of "Treasures of the Migration Period" - mainly metalwork and jewellery of the 4th-7th centuries - planned for November.

These are just some of the delights available to the collector in the chastened - and healthier - world that is now the New York art market.

Horace Vernet, one of a famous family of French artists (his grandfather, CJ Vernet, painted sub-Claudian, Italianate seaport scenes that were popular with British grand-tourists) is best known as a painter of large-scale battle-scenes and portraits of the Napoleonic era. The beautiful watercolours now on exhibition at Didier Aaron were commissioned as fashion plates by the influential *Journal des Dames et des Modes* between 1810 and 1815 and were later engraved by Gatti.

They were inspired by a similar set of plates, called "Incroyables et Merveilleuses" which Vernet's father, Carle, made in the late 1780s. The terms "Incroyables" (young men) and "Merveilleuses" (young ladies) described the semi-monde of the Directors who adopted an exaggerated raffishness in manner and dress as a reaction to the austerity of the Jacobin fashion at the time of the Revolution.

The Incroyable "look" was deliberately unkempt, the Merveilleuse a mixture of sensuality and exoticism: all in all a sort of neo-classical punk. Vernet's plates, needless to say, represent a more stylish version of the trend and it is somewhat of a surprise to see that the dominant influence on mens' fashions was England.



'Head' by Francesco Clemente who is showing at Gagosian's for the first time after leaving Sperone Westwater

With waisted coats, leather boots and riding crops, not to mention a fascination with tartan, it is clear from the drawings that Ralph Lauren is not the first to exploit the snobbish appeal of English "country" style.

It is rare for so many originals drawn for a set of fashion plates to have survived (these remained in the family of the Duchesse de Berry, who bought them in about 1820, until recently). They are being sold separately at prices ranging between \$50,000 (\$11,850) and \$40,000.

The Galerie St Etienne, one of the oldest on 57th street, specialises in Austrian and German expressionism; its director, Jane Kalir, wrote the Egon Schiele catalogue raisonné which was published last year and there is always something unusual to be seen

in her gallery. The current exhibition, "The Expressionist Figure", includes almost 70 works - most of them on paper - by many of the major artists: Beckmann, Kirchner, Nolde, Dix, Grosz, and of course Schiele.

The nucleus of the exhibition is a private West Coast collection (we are not told which) assembled over about 20 years in the 1960s and 1970s and it is a sign of the times that such a collection is being disposed of through a gallery rather than by auction, which would certainly have been the case a year or so ago.

Included in the show is a characteristically witty Grosz, "Burlesk, 42nd Street, New York", some quite rare Egon Schiele woodcuts, a striking series of portraits - in oil, watercolour, and lithograph - by Lovis Corinth of his son Thomas (all

of them derived from the artist's descendant), a delightful Dix watercolour of a moustachioed Madam; a Roult-like woodcut of a prophet by Nolde; and a mixed media work, "Coming Home", by the lesser-known Marianne von Werefkin that is striking.

There is a single woodcut, dated 1918, by the interesting German-American cubist artist Lyonel Feininger, who exhibited with the Blaue Reiter group in 1912 and later (from 1919-33) taught at the Bauhaus. Feininger, who was born in New York, returned there in 1937 after some 50 years in Germany.

The Achim Moeller gallery, which moved to New York from London about five years ago, rather specialises in Feininger; it had an exhibition of his early figurative drawings last year and this autumn it is

publishing a fascinating correspondence (edited by Stefan Hauser) between Feininger and the American painter, Mark Tobey.

The letters, which date from the years 1944-56, with Tobey writing from Seattle to Feininger in New York, reflect the admiration each artist felt for the other as well as their shared enthusiasms: they both thought well of Jackson Pollock and envied his ability to work on a large scale.

Coinciding with the publication, Achim Moeller has mounted an exhibition of the works by both artists dating from the period of their friendship. Intriguingly, Tobey's Chinese-inspired calligraphic pictures provide the perfect foil for the Klee-like draughtsmanship of Feininger's New York works. If Achim Moeller is

something of a newcomer when it comes to mounting exhibitions with a scholarly slant, Shepherd Gallery must be the doyen of such dealers in New York. The Gallery is celebrating its 25th anniversary this year with "Western European Sculpture 1875-1925" and over the years it has mounted such seminal shows (with marvellous catalogues) as "Western European Bronzes of the 19th Century" and "The Julian Academy: Paris 1880-1890".

Opening on October 22, this year's display features about 60 sculptures, of which about a third will be borrowed from museums and private collections. The works have been selected - in an innovative concept - to illustrate the contrasting influences of German and French sculpture at a period when sculptures sought an alternative to the neo-Rococo allegorical style of the late 19th century.

Rodin's "Age of Bronze" and

'Gagosian is the dealer everyone loves to hate and the tradition is likely to continue'

Adolf von Hildebrand's "Male figure" of 1877 (both shown only in illustration) are taken as a starting point to demonstrate the volumetric style of the French as opposed to the "planar" approach of the Germans. Lord Leighton's "The Shuggan" is exhibited as an example of the former while it is fascinatingly suggested that the German tradition led to an artist like Giacometti.

A contemporary gallery which has been causing a stir in Manhattan over the past season or two is Gagosian - the dealer everyone loves to hate - and the tradition is likely to continue this month with an exhibition of new work by the Italian-American artist, Francesco Clemente.

In recent years, Clemente showed with Sperone Westwater Gallery and his move to Gagosian, coming on the heels of the defections (from Mary Boone) of David Salle and Philip Taaffe, is just the sort of Gagosian deal that makes other galleries mad. Nor have the widely-acclaimed "historical" exhibitions of resumé art by Cy Twombly, Lichtenstein, Stella, de Kooning, and others that Gagosian has mounted in recent years done much to endear him, a newcomer, to the longer established contemporary dealers.

Refreshingly, the New York art market is alive and well...

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SPORT

Rugby World Cup/John Hopkins

England must face a French test

IT IS going to be uphill and into the wind for England after their convincing defeat by New Zealand at Twickenham on Thursday afternoon. If it is any consolation, their projected quarter-final against France in Paris should hold less terror for them than a visit to Paris does for some teams. England won on their last visit to the Parc des Princes and have won half of the six international matches played against the French since January 1980.

Defeat by New Zealand was not unexpected. Out of 15 matches played between the two countries this century, New Zealand have won 12. Home advantage was a help in England's three victories, but not that much of a help.

England knew that to win they had to play as much as 20 per cent better than they had in any of their Grand Slam games last season. They did not. They could not. They were not allowed to. They were closed out by the four thoroughness that New Zealand have made their own style of play for decades. From the moment that Michael Jones scored a try in the 11th min-

ute of the second half, England barely had a look in. They conceded nine points in three minutes, blows to the solar plexus. You could almost hear the exhalation of wind. Twickenham was as flat for the first game of the 1981 World Cup, an occasion the like of which even historic Twickenham has never seen before. Its railings were newly-painted and inside the east car park there was a massive tent serving as headquarters for the 1,500 journalists accredited to the event. It was connected to the east stand by an overhead and rather shaky wooden walkway. Oh yes, and programmes, which cost £1 during the championship last season, were selling for £2 this time.

Profit is not a dirty word in this World Cup and it is a word you are going to hear a lot in the next

month. In this respect, the 1987 World Cup was as nothing compared to this one, recording a profit of £120,000 from a gross income of £3m. One forecast is that this year's World Cup will make a profit of £20m from an income of nearly £40m and thus become the most financially successful sports event ever staged in Britain.

On the train back to London, surrounded by subdued England supporters, I whined away the time by analysing the game. It was depressing because the more I thought about it the less there seemed to be for England to build on. They were out-thought and out-played and some of this was their own fault. They gave away far too many penalties, which was due as much to their nerves as to their having to do things quicker than

they wanted to.

The All Blacks were fitter, faster and stronger. They played the game at a quicker tempo. They took quick throw-ins at line-outs. They got away with moving the scrums forward on their ball before the ball was put in. They took their penalties quicker. All that was slow about their game was Fox's kicking at goal, which seemed to take forever. All the same, it did not deserve to be booed and whistled.

"We play the game at pace," said John Hart, the co-coach of the New Zealanders afterwards. "There's a tendency for northern hemisphere teams to try and slow it down. We want to pick up the tempo and utilise the skills of all 15 footballers."

"We needed to establish control," said Gary Whetton, the All Blacks' captain. "We thought we could get

numbers to the ball quicker than they could." He was right. Try as they might, England never could slow the game long enough to get any grip on the proceedings.

In the second half they could not get any ball. The All Blacks cleverly neutralised England's line-out, a known strength, and this was one aspect of play that pleased Hart. Another was the All Blacks' performance in the scrums where they were conceding half a stone a man. A third area of play that pleased Hart was the control the men in black showed for all but the opening minutes of the second half.

The bare statistics tell a remarkable tale. New Zealand had 13 scrums in the second half to England's one. The equivalent figures for the first half were seven to three. In other words, New Zealand

stopped England winning the ball and when New Zealand were attacking as they frequently did by bringing in the burly wing John Kirwan, they made sure that he crossed the gain line before he was tackled so that they would have the ball at the ensuing scrum as the side going forward.

A watery sun greeted the start of the second half. The man on my right muttered: "The pressure's on now." New Zealand had just won four scrums and a massive kick upfield by Fox caused Jonathan Webb to turn and race back. I looked to my right to identify the speaker. It was Jamie Salmon, who should know what he was talking about. Salmon won three caps for New Zealand in 1981 and played a dozen occasions for England

between 1985 and 1987, including two Tests against his former teammates.

Waves of black shirts swept down on England's defences, which were looking hard-pressed. England, as Salmon observed, could not withstand the pressure. Soon Jones scored that try and then Fox kicked a penalty. "The next score is crucial," said Salmon. "If it's by New Zealand that is the end of the game. If it's England, they might get back into the game."

Forced on to the back foot, England were not allowed to get into the game for the last half hour. The occasional twitching of resistance was not enough. The All Blacks did what was necessary, at their pleasure for most of the time.

Will Carling, Geoff Cooke and Roger Utley all put a brave face on it after the match. They said they were concentrating on the next two games, against Italy on Tuesday and the US on Friday and not thinking of the quarter-final in Paris. Just as well. On the evidence of this game they have a considerable amount of work to do to raise England's game to the level necessary to defeat the French.

Sports Politics/Peter Berlin

Black power games

IN THE US, black success means sport. Turn on the television, open a newspaper, just walk down the street and images of black athletes are everywhere. If it is not the baseball/football star Bo Jackson limping heroically back to multi-million dollar sports stardom then it is Bo starring in a multi-million dollar sport shoes campaign.

Black athletes dominate US professional and collegiate sport. They have been embraced by the fans, by the universities and by corporate America. Are these signs that the barriers that have held the blacks back are breaking down? No, says Harry Edwards.

"The white perception tends to be very circumstantial," says Edwards. "The white community loved Kareem Abdul Jabbar (the top points scorer in National Basketball Association history) but he could not buy a house in Malibu. The perception of the black athlete is as an athlete - they're not going to bring him home to dinner."

Edwards was himself a collegiate athlete. He was a basketball player and a discus thrower; he mentions, with pride, that he was US national junior collegiate record holder. He gave up athletics to concentrate on his studies. He first achieved fame in 1968 as the organiser of the Olympic Project for Human Rights when he was lecturing at San Jose State University.

Edwards urged black athletes to boycott the Mexico games. The athletes went, but several staged their own protests. Tommie Smith and John Carlos - both students at San Jose - clenched gloved fists at the 200m medal ceremony.

Edwards is still a thorn in the flesh of the American establishment. But over the intervening two decades he has embedded himself into sports and academic bodies.

He is a professor of sociology at the University of California, Berkeley. He is an adviser to the commissioner of Major League Baseball and a staff consultant to both the Golden State Warriors of the NBA and the San Francisco 49ers of the NFL. He is a conspicuous figure on the sidelines. At 6 ft 8 in, and shaven-headed, he towers over the footballers.

He was hired by Peter DeBertho, then baseball commissioner, in 1987 after a controversial incident. Al Campanis, an executive with the Los Angeles Dodgers, the team which broke the baseball colour bar when it hired Jackie Robinson in 1947, was asked why there were so few blacks in management. They did not have what it took, said Campanis. Campanis lost his

job. Edwards gained one. Part of his brief is to help baseball hire ethnic minorities and women for "front office" positions.

Has there been progress? "There has been change but that is not the same as progress. We have around 1,000 blacks in professional sport. There were zero outside the Negro Leagues before Jackie Robinson. That change doesn't mean there has been substantial progress on the main problem, which is full black involvement in the mainstream institution we call sport."

"We could eliminate unemployment in the US for blacks tomorrow. We could bring back slavery. Every black would have work. That would be change but not progress."

Edwards is prepared to bite hard on the hands that feed him because he believes it is not enough for institutions to feed black athletes, however well. If they will not surrender power. And the black community is to blame for settling for the little it has achieved.

"There has been some individual mobility - but individual mobility without collective advancement ends up as plantationism. The individual may make a bit of money or may be the best at what they do but they have no power to alter the industry they work in, even if they are Jabbar or Muhammad Ali."

Edwards urges the black community to use what power it has to gain more. Black athletes with their million-dollar endorsement contracts must rock the boat.

"It does not make sense that in the NFL 63 per cent of players are black but there is only one black concessionaire (with a contract to sell fast food). Athletes do not use the leverage of collective power."

US College sport - particularly football and men's basketball - is big business. Colleges compete ferociously to attract the best athletes, offering scholarships and academic assistance. With depressing frequency, colleges are caught offering bribes and fiddling grades. The athletes without money or grades are disproportionately black. But, says Edwards, they are unable to take advantage of the opportunity universities claim they are offering.

"At every Division One institution black athletes proportionally outnumber black students generally: 67 per cent (of black athletes) never graduate, 1.6 per cent go on to professional sports."

"The majority do not graduate and end up back on the street having been exploited, having filled the coffers of the

schools with money."

"At Berkeley there has been a 40 per cent drop in the number of blacks coming to campus as freshmen since 1988. At the same time there has been a 25 per cent increase in the proportion of blacks in football and basketball, most of whom have grades lower than the average grades of blacks on campus. The university graduates 25-30 per cent, slightly worse than the rate for black students as a whole."

"When the black community, black institutions, black parents do not prepare black students academically... it is ridiculous for the black community to expect University of California to do in four years what the black community has failed to in 18 years unless it takes the extraordinary measures to make up the deficit in preparation, which the university has shown no inclination to do."

"To come and play sport at university means they are only moving you from the cotton fields to the playing fields... if you have whites on top with black athletes disproportionately represented playing," says Edwards.

"Of 109 Division I football schools there are two black coaches." Edwards argues that it is a myth that blacks have an aptitude for sport; they succeed because they are denied opportunities elsewhere.

But they also hold the solution. "We must begin to do things for ourselves... and not expect white America to do things for us. I see too many white folks eating out of garbage cans and I have too many under-educated, ignorant white kids in my classes to believe that blacks are going to be supported and developed at the level we have come to expect. White America is not doing the job with white Americans that we are demanding they do with black Americans."

Are blacks better suited to sport? "Then the question would be not 'why are there so many black athletes?' but 'why are there any white at all' and 'why don't black Africans dominate all sports everywhere since they are blacker than everyone'."

So, why are 67 per cent of NFL players black? "Because we have an inordinate and disproportionate number of blacks channelled themselves to a career in sport. If we had 50m people channelled to nuclear physics it would only be a matter of time before they made up most of the top nuclear physicists."



Eagles' wing: Gary Hein, one of the stars of the US side, in action in the Hong Kong sevens

Eagles struggling to fly

IF THE US had spent on rugby union a fraction of the effort it puts into American football then it would be one of the favourites for the World Cup. Instead, the US competes in the same pool as New Zealand, the reigning champions, England and Italy and there is no more likelihood of the US being one of the two teams that win through to the quarter-finals than there is of its team beating England when the two countries meet at Twickenham this coming Friday.

On one hand, to look at rugby in the US is to say: what a lost opportunity. There are fewer than 100,000 players out of a total population of nearly 250m and many of those are

refugees from the grid-iron game. It is not a game that impinges on the consciousness of many Americans. Most Americans would not have a clue that they are the reigning Olympic rugby champions after winning the gold medal in 1920 and 1924. In the 1924 final they defeated France 17-0 in Paris. The unruliness of the crowds at Stade Colombes meant that rugby was removed from the Olympic programme.

A more optimistic viewpoint, on the other hand, is that the USARFU has done well to get up a squad good enough to earn a place among the world's 16 best teams. After all, the USARFU was only formed in 1975 and from

the start it was riven with dissension between the four warring member unions: Pacific Coast, Midway, East and West. In 1977 an American rugby official accompanying the Eagles on a tour of England said: "I see rugby in the US as a weekend sport that will continue to have a following similar to, say, archery, in Britain."

At Otley this afternoon, the Americans, known as the Eagles, face Italy so we will be able to see how high and far they can fly. Some of the American players are both enormous and strong, which are not necessarily the same thing, and others are enormous and fast, which are definitely not synonymous. They

are certainly the fittest and best prepared squad ever to leave the US. They have even worked with sports psychologists.

In 1987 they finished third in their World Cup pool. They beat Japan in two matches earlier this year but soon after were hammered by France. Fit, strong and fast as they are, they lack international experience and technique. And Italy have enough of these commodities to win this afternoon. I dare say the interested spectator will leave the ground at Otley with the feeling that if the Americans ever got to grips with rugby then the sky would be the limit.

John Hopkins

Baseball/Patrick Harverson

Showdown for the big hitters

OCTOBER IS a busy month for American sports fans. Professional and college football is in full swing, the ice hockey league began on Thursday, and the nation's tallest athletes are preparing their slam dunks and lay-ups for the approaching basketball season.

Yet for most American fans, October means only one thing - the World Series of baseball. America's sport approaches its annual climax next week when the four best baseball teams in the country meet in the championship games that will decide who contests the best of seven World Series final later in the month.

Three places have been decided. The Pittsburgh Pirates ran away with the National League East and will face either the Los Angeles Dodgers or the Atlanta Braves from the NL West. The Minnesota Twins clinched first place in the American League West with over a week to spare while the Toronto Blue Jays held off a late surge by the Boston Red Sox and won the AL East with three games to go last Wednesday. The play-offs begin at the Metrodome in Minneapolis where Minnesota will entertain the Blue Jays in the AL championship series.

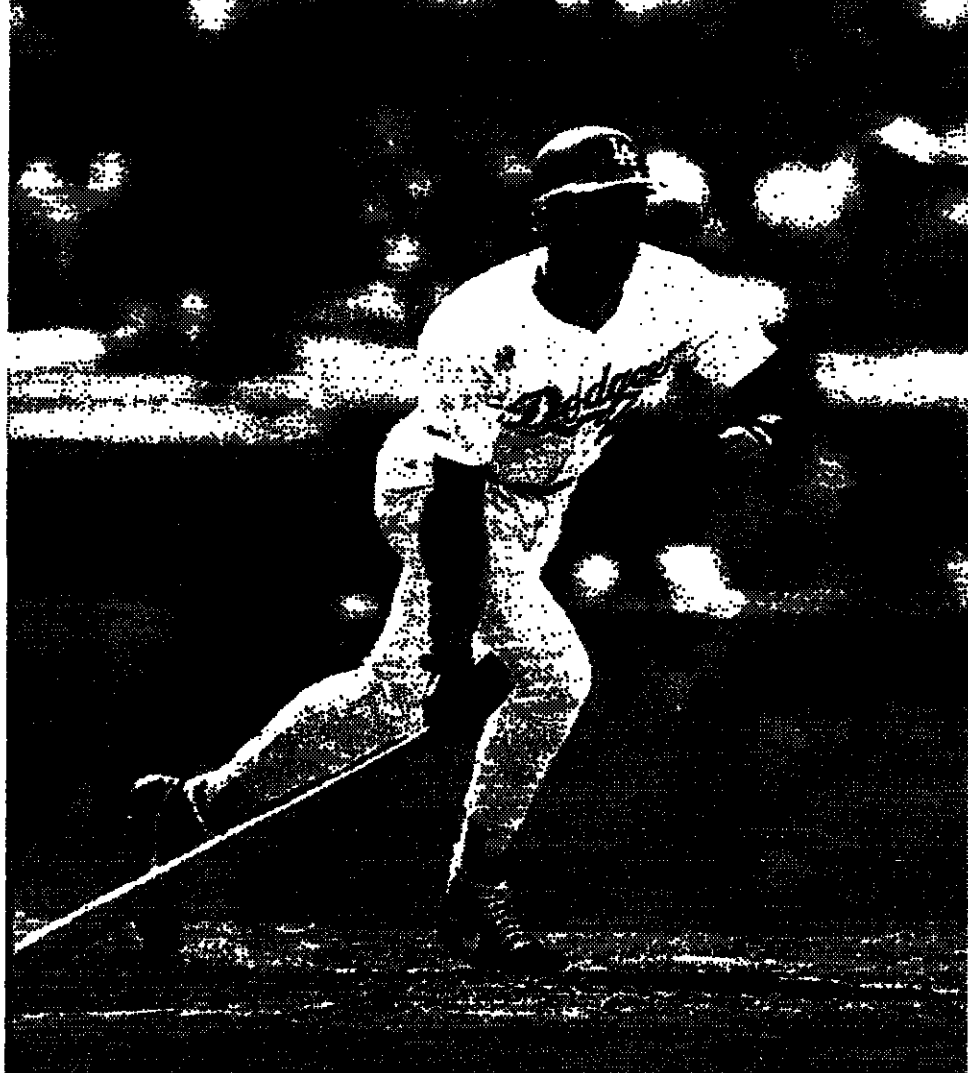
In Pittsburgh, there is a strong feeling that this is the Pirates' year. The team opened the season in some disarray, with star outfielder Barry Bonds having a public slanging match with manager Jim Leyland in front of the Pittsburgh media. Yet the Pirates soon took charge of their division: they moved into first place in

late April and did not relinquish it all season. Barry Bonds and the other "Big 3" Bobby Bonilla, have provided the hitting power, helping the Pirates lead the NL in both batting average and runs scored. The two sluggers are close to becoming the first team-mates in Pittsburgh's history to drive in 100 runs with the bat in consecutive seasons: as of Wednesday Bonilla had 95 runs batted in and an average of .306 (which means he gets on base with a hit just over three times in every 10 attempts - a very good average), while Bonilla had 102 runs and an average of .322.

The Twins set a record this year as the only team in baseball history to go from last to first place in their division in consecutive seasons - a record Atlanta would equal if they won the NL West. Minnesota have big guns of their own, notably Kirby Puckett, who is averaging .321 and has batted in almost 90 runs, and Chili Davis, a home run specialist with 29 round-trippers to his name. Crucially in a sport where great pitching wins games more often than great hitting, the Twins also have three of the year's best starting pitchers in Jack Morris, Kevin Tapani and Scott Erickson.

The Dodgers' and the Braves' behaviour in the last few weeks - when the lead has changed hands several times - has brought to mind the image of two polite priests faltering at the front door of the chapel: "After you." "No, please, after you." "No, really, after you."

The two clubs have brought



A big hit: Darryl Strawberry's home runs have kept the Los Angeles Dodgers in the race

glamour to the ball park. Any team from Los Angeles is glamorous, but this year the Dodgers have enjoyed the extra lustre of Darryl Strawberry, who built a reputation as a hitter during his tumultuous years at the New York Mets. A tall, gangling hitter with a languid swing and a sheepish smile reminiscent of David Gower, Strawberry had a poor

first half but has come alive late in the season with a host of crucial hits and home runs. The Dodgers have also benefited from the return, after crippling injury, of Orel Hershisser, the star pitcher who has spent more time recently on the operating table than on the pitcher's mound. Although he missed the first part of the season, great second-half pitch-

ing from Hershisser has kept the Dodgers in the race for the league title. In Atlanta, the glamour is provided by the club's owner, TV magnate Ted Turner, and his fiancée Jane Fonda. Both are regulars at home games. On the field Deion "Neon" Sanders has grabbed the headlines. Living up to his flashy nom de guerre, he arrived at a

recent evening game in a helicopter, having flown in after practising with his other Atlanta team, the football-playing Falcons.

While the Dodgers and Braves have slugged it out in the National League, the Blue Jays and Red Sox in the American League East have worked hard in the last few weeks to outdo each other in the hurdle-falling stakes.

The Blue Jays have an impressive record of defeats snatched from the jaws of victory. In 1987 they lost their last seven games to be tipped for the league title by Detroit, and just last year they lost eight of their last 12 and were overtaken by Boston.

The Red Sox, however, have a prouder and older history of late collapses. Fans believe the club has been cursed ever since it sold the legendary Babe Ruth to the New York Yankees and the Red Sox have not been world champions since 1918. They have appeared in four World Series but lost all of them in the final game. Against the Mets five years ago, they were one strike away from glory.

This year Boston recovered from an 11-game deficit to stand within half a game of Toronto, aided by inspired pitching from the fearsome Roger Clemens and ace reliever Jeff Reardon, athletic fielding and some gutsy, if inelegant, hitting.

But things started to go wrong two weeks ago. The sense of forbidding all Red Sox fans feel when success approaches was summed up in a match on the road against the Baltimore Orioles, one of the worst teams in the league. Under a full moon, Orioles batters struggled until a Red Sox fielder made a crucial run-scoring error that shifted the game Baltimore's way. Just before the error, a black cat walked slowly past the Red Sox dug out. In Boston, after 73 long years of waiting for a World Series win, they believe in

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TRAVEL

A godly city in the American wilderness

Nicholas Woodsworth visits the spiritual home of the Mormons and is impressed by their work and faith

IN 600 BC a man named Lehi, an inhabitant of the city of Jerusalem, built a ship and fled Palestine. With his family he sailed through the Mediterranean, crossed the Atlantic, and established a new home in the Americas.

From this family sprang two nations, the God-fearing Nephites, and the Lamanites, an indolent and wicked people. Centuries later, Jesus Christ came to America, visited the Nephites, and established the Christian church among them. But disaster befell the Nephites: after a long period of peace and prosperity, the Lamanites made war on them and destroyed them. Of these nations, only remnants of the Lamanites, or American Indians as they are called, still exist.

But records of the Nephites survived. Written on gold plates, they were buried on a hillside in what is now New York state. In the 1820s they were revealed, through divine intervention, to a farmboy named Joseph Smith. Smith went on to found the Church of Jesus Christ of Latter Day Saints. As for the translated records of ancient America, they became the most cherished text of America's first home-grown prophetic religion - the Book of Mormon.

Such are the traditions on which Salt Lake City was founded, and continues to exist. Believe these traditions or not - and the majority of those in the state of Utah do - it cannot be denied that the spiritual faith of the Mormons brought about extraordinary achievements.

Who else but those of rock-firm faith could have done what they did in the middle of last century - trekked 1,000 miles west of the frontier, and in an arid desert built a theocratic city-state? In the meantime America has grown up around the stronghold of the Mormons, but the peculiarity of that accomplishment and the belief that sustained it can still be felt in the broad streets of Utah's capital. Buttoned-up and profoundly conservative in its behaviour, out on the far edge in its belief, Salt Lake City remains one of the most curious places in America.

Salt Lake City sits in some of the most inhospitable country

'Bigamy is what titillates the imagination of many visitors'

in the continent. Just ten minutes drive away lies the Great Salt Lake, a dead sea eight times saltier than the world's oceans. To the east and north rise the steep 12,000 foot peaks of the Wasatch range of the Rocky Mountains. To the west and south vast flat deserts stretch away for hundreds of miles, a blank, waterless topography relieved only occasionally by any features of note - the Skull Valley Indian Reserve, the Desert Military Test Center, the Confusion mountain range.

No one knows why the Mormon leader Brigham Young chose in 1847 to bring his expedition of 143 Mormons to a

definitive stop in the Salt Lake Valley. They found only a single tree growing there - the last was sand and sage brush. But two hours after halting, the first fields were being ploughed and Wasatch streams diverted. Just four days later, marking off 10-acre blocks and 132-foot-wide streets with his cane in the sand, Young was planning a city.

If such a city came into being, it was because Mormonism made uncompromising demands on the allegiance of its followers. This was a pioneer society founded on hard work, a rigid set of moral precepts, and devotion to family, community and church.

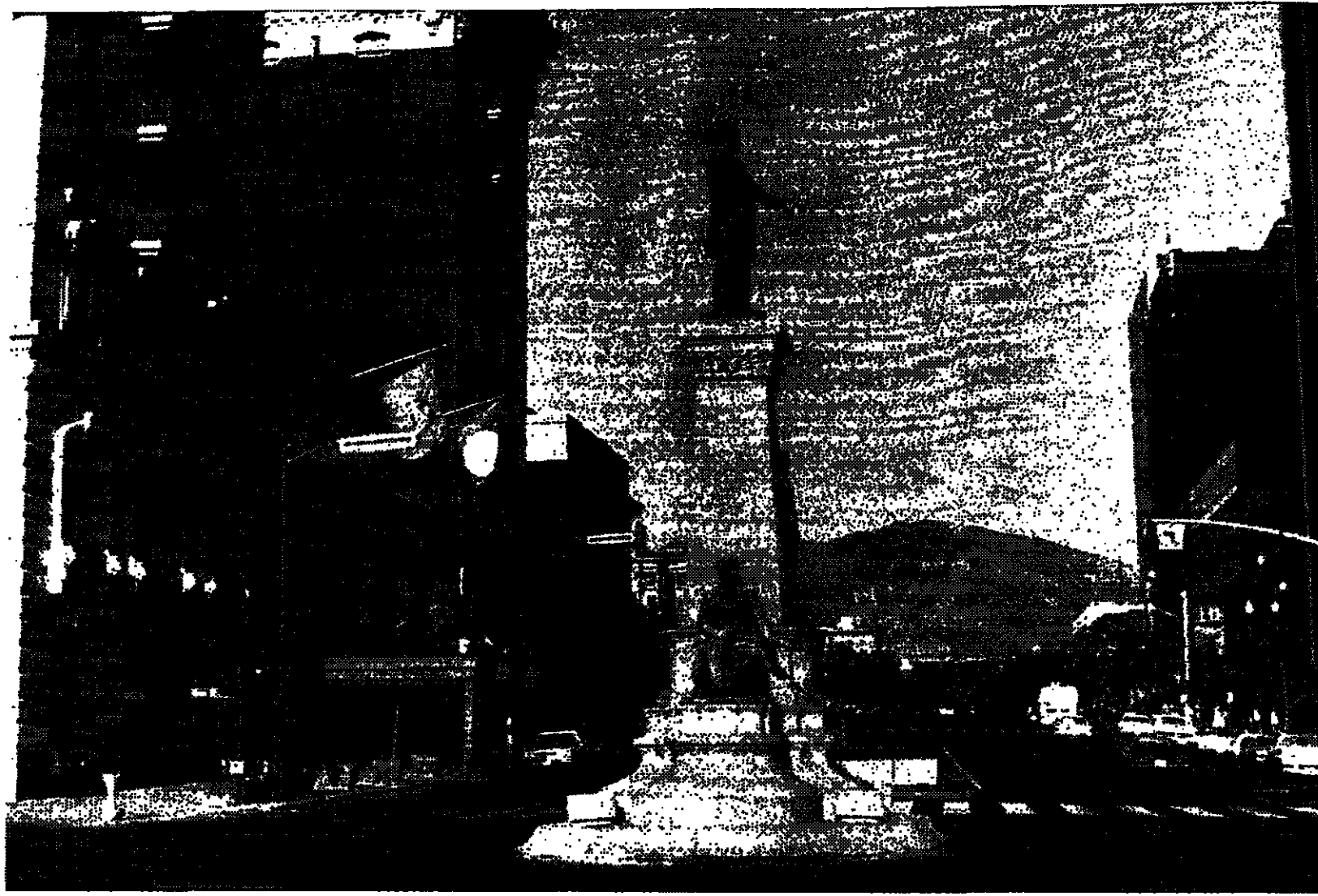
The Mormon practice of bigamy, outlawed before the turn of the century, is what titillates the imagination of many visitors to Utah today. But, like most Mormon habits, it was a no-nonsense business, a strictly-controlled religious prerogative.

Visitors would perhaps find other customs still practised today less titillating: an injunction against tobacco, alcohol and other stimulants, a family evening set aside each week for religious study, and a church tithing of 10 per cent of personal income.

Why is the central square that Brigham Young traced in the sand the fourth most frequented tourist attraction in the US today?

According to Sister Eaton, one of the many young Mormon women who conduct guided tours here, Temple Square is exceeded in popularity only by Disney World, Disneyland, and Yellowstone National Park. More than 4m people pass through the tall gates of Temple Square every year. Walt Disney and Old Faithful, a geyser, provide America with two self-absorbed looks at itself: the world as they fantasise making it and the world as it naturally exists. Temple Square may be as popular because it provides something equally alluring: a look at people who have made a vision exist in the natural world.

When I was guided through Temple Square examples of Mormon spiritual determination and self-assurance impressed even these most



Salt Lake City, Utah: one of the most curious places in the US

self-assured Americans.

We gaze at the six-spired temple building, built over 40 years with granite hauled by oxen-teams from a mountain canyon. In the celebrated tabernacle, we were shown the organ of 11,500 pipes and listened to the Mormon Tabernacle Choir. There were vast mosaics, celestial maps on domed roofs, and gentle but insistent calls from our guides to come into the fold.

The most impressive demonstration of the Mormon sense of mission, however, was to be

found across the road at the Family History Library. The largest collection of genealogical records in the world, it is the ultimate demonstration of Mormon spiritual faith - work not with the living, but with the dead.

Stored on 1.6m reels of microfilm on the five floors of the Family History Library are the names of 2m individuals. The work that goes on there is detailed, exacting, and awe-inspiring in its scope.

All souls, both those of the living and of the dead, say the

Mormons, have the right to eternal salvation through membership in the Mormon church. Those who are alive can be converted and baptised in person. Those who are not must be given the opportunity by being baptised by proxy.

The ultimate object here is to trace the name of everyone ever born and ordain them by individual baptismal rite into the church. Mormons, naturally, begin with their own ancestors, but more than 150m dead from five continents have been brought into the Mormon

church. Before baptising them, of course, researchers have to identify them, a complex task which in theory could keep them working on a single family tree for many lifetimes - going back just 500 years, each person living today has about 1m ancestors. The number of names retrieved and filed here grows daily.

Will the Mormons succeed in putting together the entire family tree of Man? It might seem unlikely. Where else but in Salt Lake City would anyone

even believe in trying? If you believe enough in the dream of a godly city in the wilderness to actually make it happen, you might do anything at all. Dreams, after all, is what America is all about.

Nicholas Woodsworth was a guest of the Salt Lake Convention and Visitors Bureau. Information on the city and Utah State may be obtained by writing to the bureau at 180 S. West Temple Street, Salt Lake City, UT 84101-1493, tel: (801) 521-2822, fax: (801) 355-9323.

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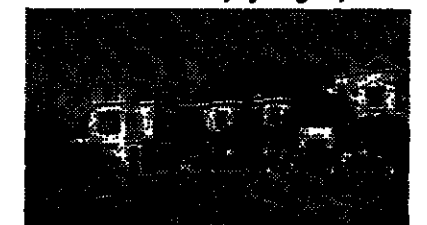
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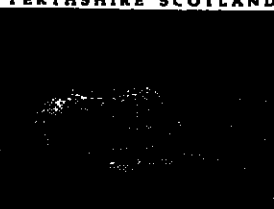
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Even the bag lady is posh

Nantucket has joined the high-class holiday list, says Tim Burt

YVETTE, the only bag lady on Nantucket, makes a handsome living from New England's most exclusive resort. No moth-eaten coats or baggy stockings for her; she scours the streets in her own pick-up truck.

Her patch is protected from outside vagrants by 21 miles of ocean which separates Nantucket from Cape Cod. Few of the visitors arriving by yacht bother to challenge Yvette's monopoly on old beer cans, and last year she collected enough to buy a new Ford.

Rich pickings are commonplace on the small island lying dead astern of Martha's Vineyard. There is so much wealth strolling along Main Street, the cobbled thoroughfare leading from the harbour to the old bank, it could be renamed Millionaire's Row.

Mercedes and Cadillacs jostle for parking spaces while manicured ladies look for antiques. Their husbands - executives from Boston and New York - have made their summer homes on Nantucket because it offers empty beaches within a short flight of the office.

Acres of thick gorse and spruce fringe the island shore, offering plenty of secluded spots for tired directors hoping to get away from it all.

High class holidaymakers now rank Nantucket along with Wall and the Maldives. Like the ski resort and tropical archipelago, it offers that elusive commodity - privacy, but at a price. Petrol and alcohol are up to 30 per cent more expensive than on the mainland, and property prices are closer to Manhattan than Massachusetts.

Native islanders have watched in alarm as the cost of living has skyrocketed. Some residents, such as Richard Leone, have even been forced to take on two jobs to pay their way. Leone, a teacher at Nantucket High School, sells real estate when he is not in class.

He can arrange a viewing of one of the island's hottest properties: a shack on three acres of waterfront. The price is \$1.5m. Alternatively, he can rent you a house on Main Street for \$35,000 a month. Demand for property is fuelled by the mixture of unspoilt beaches and picturesque shopping streets. Neon signs are banned and there are no traffic lights to hamper the progress of the rich and famous.

In high summer the islanders complain that Nantucket feels more like Fifth Avenue. The rush hour on Main Street lasts all through August, a

month when the municipal airport is busier than Boston's Logan International.

Private aircraft buzz around the island waiting for permission to land, and some pilots like to delay their final approach so they can give their passengers a sneak glimpse into the backyards of the largest mansions.

Many of the grand houses were built with money not from Wall Street but from whaling. More than 120 mariners lived in Nantucket and the town flourished as the world's leading port for the pursuit of sperm whales.

The fate of one Nantucket-based whaler, the Essex, is recorded in just about every bookshop in the US. More than a century ago the Essex was rammed and sunk by a mad bull whale, giving rise to the story of Moby Dick - the great white whale chased relentlessly by Captain Ahab.

The story of Moby Dick is traced from fact to fiction in

the Nantucket whaling museum, which commemorates the grisly industry with a display of ivory trophies and rusted machetes.

Whaling has also influenced the island's architecture. The oldest homes are identified by "Widows' Walks" - rooftop balconies where the wives of absent captains scanned the horizon for returning ships.

The walkways dominate the skyline as there are no high-rise buildings on Nantucket and new developers defer to the styles of the 1800s.

Early in the morning, before the limousines arrive, Main Street looks just as it did 100 years ago. But the Victorian illusion is temporary. It lasts only until the doors open at the Espresso Cafe, home to the best coffee and croissants on the island. Breakfast on Main Street attracts the first crowds of the day and the hubbub lasts well into the evening.

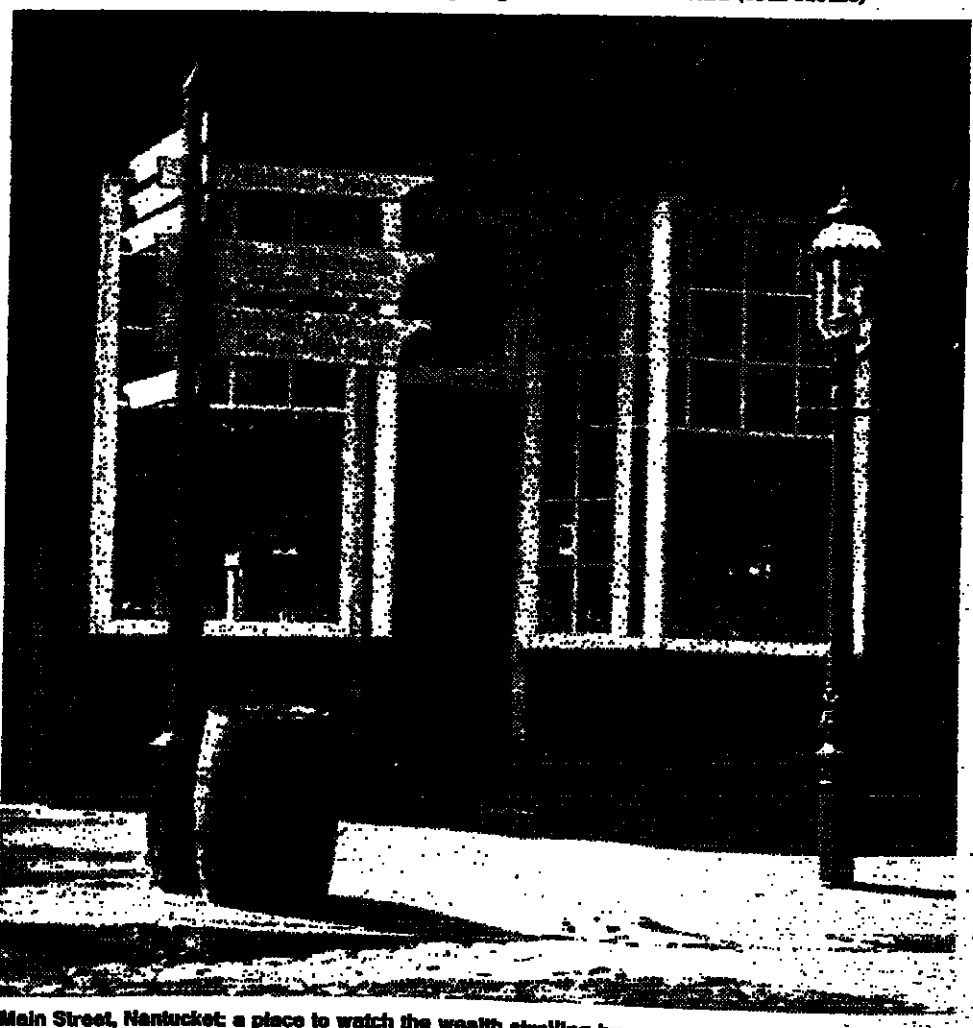
Islanders often escape the melée by cycling out of town

along the sand tracks which wind through the gorse. Some of these tracks, however, have been left impassable by Hurricane Bob.

The August storm felled trees and blew tons of salt on to the land. Fall came early as the streets filled with leaves and disappointed sun-seekers returned to the mainland.

Bill Dexter, a craggy tradesman whose family has lived on the island for generations, expects the rich to return next year. But he is pessimistic over Nantucket's attempts to control the rising demand for new holiday developments. "The only development rule," he says, "is money. If you can afford it you can have it."

Information: Northwest Airlines (tel: 0345-747800) offers flights from London to Nantucket via Boston. Accommodation can be booked through the New England Tourist Board (0842-316428)



Main Street, Nantucket: a place to watch the wealth strolling by

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TRAVEL

THESE ARE certain places that bring out the hedonist in us all. When a national convention of 10,000 American dentists comes to New Orleans, do they behave like the solid and respectable citizens we know them to be? Do they sit around hotel lobbies discussing over-bites? Of course they do not.

Like lawyers from Seattle, real estate agents from Phoenix, garage mechanics from Pittsburgh — like most of the visitors to this city — they are down on Bourbon Street, letting loose the beast that stays muzzled and leashed at home.

Where has the art of gracious southern living gone? It is not immediately obvious along Bourbon Street's nine frenzied blocks of neon and noise.

It is not present outside Lulu White's Mahogany Hall, where Lulu, once the most celebrated of bordello madams, has been replaced by the brassy Duke of Dixieland. Nor is it to be found at the After Hours Rhythm and Blues Bar, the Krazy Korner Club, the Cat's Meow Karaoke Bar, the Ol' Toones Saloon, the Famous Door, the 554 Club, or any of the other places vibrating in the hot, sticky night.

It is not in much evidence, either, at the Hurricane City sidewalk takeaway bar, where strollers drop in for potent mixes that gurgle out through plastic hoses running from the roof. Nor is it obvious in dining habits at the Take-Outee Sushi House, at the wheeled, aluminium hot dog stands shaped like hot frankfurters, or at 711 Bourbon Street, where \$9.95 will buy you all the boiled shrimp you can eat.

And what of Papa Joe's 'Boys Will Be Girls' female impersonation show, the Silver Frolics topless/bottomless bar, the Cajun Cuties lingerie show, the Bourbon Burlesque Club, and the amateur female wrestling ring, where girls can be boys and win \$100 at it, too?

There is no doubt about it: Bourbon Street lies some distance from white-columned mansions, stately mint juleps, and the polished man in the tuxedo. But who ever said that Kentucky colonels enjoyed life?



A New Orleans paddle steamer. The city only exists with the aid of levees, dykes, drainage canals, pumps and conduits

America's favourite party town

New Orleans has never been a gracious city, says Nicholas Woodworth, who loves its neon and noise

This is America's Mediterranean, well below the Bible-belt latitudes. Bourbon Street may be boisterous, tacky, noisy, crowded and vulgar. But it is also exuberant and fun. Just ask the 8m conventioners and tourists who flood into New Orleans' bars, restaurants and jazz joints every year. Just ask the next mild-mannered dentist you meet.

New Orleans has never been a gracious city. Nor is it snugly stitched into the wider fabric of the American south. Geography and history have conspired to give it an identity of its own. New Orleans sits in the midst of a vast oak-cypress swamp. Five feet below sea level, it stretches along the

soggy lower end of the longest river in North America. It is hot and steamy, and there is too much water about; New Orleans exists only with the aid of levees, dykes, drainage canals, giant pumps and 2,500 miles of underground conduits. Even the dead are worried about getting their feet wet — they are buried above ground in miniature high-rise mausoleums. The pestilence-ridden Mississippi delta was not much of a place to build a city, but it was a marvellous site to control a trade artery that stretched into the heart of the continent.

New Orleans grew up without the rugged moral values of the frontier hinterland. Colon-

ized and ruled by the French for its first 150 years, it remained physically cut off from America's rural settlement. If successive waves of Spanish, enslaved Africans, French Nova Scotians, Irish, Germans, and Italians all eventually fitted into that fast-expanding category, "Creole" — born in the colony — New Orleans always continued a life apart.

Through it passed all the commerce moving between Europe and the American heartland — manufactured goods, grain, timber, sugar, and above all, cotton. It made vast fortunes for some, and backbreaking labour for others. At points along the way

New Orleans became part of America, saw slaves emancipated, and lost its title as cotton king. But it did not stop the city from existing as it exists today — a commercial and cultural entrepot, somewhat removed from the rest of the world, where exotic traditions give New Orleans just the slightest sense of superiority over their bumptin' up-river cousins.

The rest of America has never been able to decide if New Orleans is the most parochial of cosmopolitan cities or the most cosmopolitan of parochial cities. Slaves, European aristocrats, illiterate immigrants, rivermen and woodsmen, gamblers, ambi-

tious merchants, drifters — the mix may have been colourful and vibrant, but it was also volatile.

The nation's second largest port has always lived and played hard. Its reputation as a rowdy, permissive, licentious place is as old as it is. "Nawlins", as its citizens call it, is still America's favourite party town.

The Mardi Gras festival — a time of outright madness in New Orleans, alone brings half a billion dollars to the city every year. It is the only city in the country, other than Las Vegas, without a Closing Law — its 3,200 bars and 1,500 restaurants can, if they like, remain open 24 hours a day for

365 days a year, and many of them do. It is also one of America's hardest drinking cities, ranking third in per capita consumption behind Nome, Alaska and Washington, D.C. And violence? Yes, New Orleans has its share, mostly drug related — there is on average a murder a day in the city.

But if all this would seem to make New Orleans fit just for roistering, a town given over to raw taste and crude pleasures, one need not look far to see a more creative side to the city. The jubilant vitality that attracts hordes of revellers here is the same vitality responsible for some of America's most original art forms. In the minds of New

Orleans, and anyone else who has eaten in even the simpler city restaurants, food is not just food, but a daily celebration that has risen to the level of art. Rich and complex, it is a cuisine with roots deep in French and African traditions. Ethnic it may be, but faddist or pretentious it is not — there is no need when the state's fertile fields, bayous and coastline make up the most bountiful larder in America. But even simple things undergo magical transformation in Louisiana. In New Orleans, rice and beans is a dish worth making an evening over.

If Creole cooking has not convinced you that there is good taste in New Orleans as well as bad, its music will. Out of the brothels, honky-tonks, poverty and tribulations of New Orleans' black culture came jazz, a form that has influenced much of the music of the twentieth century.

Louis Armstrong, Jelly Roll Morton, Sidney Bechet and other jazz originals are no longer around. But walk one evening, under the gas lamps and wrought-iron balconies on one of the quieter streets of the French Quarter. You will come across some black street-corner musician, playing saxophone, trumpet or trombone to no one but himself, and know that the original spirit of jazz are not so very far away.

Better still, spend an evening in Preservation Hall, where musicians in their 60s and 70s continue to play the purer, early forms of New Orleans jazz. The tiny hall has long queues, atrocious ventilation, a few wooden benches, bare walls stained with humidity and hair oil, a ban on alcoholic beverages, and not much else. It is, in fact, the antithesis of everything in the city that is brash, wild and hedonistic.

But when barrel-bellied trumpeter Milton Baptiste leads the Olympia Brass Band onto the floor and begins playing the world's most exuberant music, the hall is transformed — there is no more joyful place in New Orleans. It is a spot that even the wildest of dentists might enjoy.

Fog, flannel shirts and seafood

Nicholas Woodworth drives up the US west coast

July 11 — the Park Hyatt Hotel, San Francisco.

How delightful. It is amazing what a hot bath, a glass of wine, and an 18th floor view of San Francisco Bay will do for you.

What of a long aircraft flight across eight time zones? The air here is light and energy-charged; it gives a kind of vim that makes you want to go out and do things. Outside my window, the summit of a tall, finned pyramid, the Transamerica building, is skirting through sunshine and billows of fine Pacific mist. Far out in the bay, tiny sails are scudding around Alcatraz. In the up-and-down streets below is the New World gone so far west that it can go no further. Is that why it has some sort of bottled energy? Lying around jet-legged is not on the cards here.

Since I arrived yesterday I have played the tourist game mad. Today I rode on cable cars and climbed Nob Hill. Then Telegraph Hill and Russian Hill. At Dick Lee Pastry in Chinatown I had shrimp dumplings and sticky rice in bamboo leaves. I walked around San Francisco, gay capital of America but not so gay of late. I strolled Fisherman's Wharf — bobbing boats, crab-steaming pots, and far too many tourists like me. In Laurence Berkeley City Lights Bookshop, I browsed the Beats. Off Market Street, I wandered into a laundromat called the Brain Wash, where socialising over quiche and wine coolers takes the place of watching the tumble dryers go around.

What more can one do in 24 hours? Down below in the Hyatt parking garage is a rental car that I have taken for a week and will get me to Seattle. Is the Hertz company really munificently generous, or have they simply run out of the sub-compact model called for in the contract? They have given me a Probe, a long, low metallic silver car with pop-up headlights, automatic cruise control, and four-way speakers, all for the same sub-compact rate. Maybe it is a sub-compact model — this is California, after all.

July 12 — The Village Inn, Monte Rio.

The real star of Northern California is not cable car — it is the fog. From the bridge today, all the way up Highway 101, it rolled in from the ocean in thick cold carpet-piles, tearing into rags as it hit the coast. On

the sea-side of the highway, the cliffs and headlands were gray and chilly, the water wintry. On the land side, it remained brilliant summer, and blue skies hanging over sun-burnt fields and hills that do not get enough water.

This part of the coast does not seem to know what kind of climate it belongs to. My California handbook tells me that from Sausalito, just north of San Francisco, to Bolinas Laguna a couple of hours away, I drove through seven different "ecological communities." All very California-speak. It lists them: chaparral, grassland, coastal scrub, broadleaf forest, mixed evergreen forest, salt marsh and beach strand. It is confusing, but makes for breathing surprises around curves in the highway.

The handbook also tells me that Marin County has one of the highest per capita income levels in the country, but one hardly needs the book to realise that. Porsches, Jaguars and BMWs come whipping round the corners here with boring predictability.

A walk along the seaweed-strewn Point Reyes seashore at lunchtime was exhilarating. A couple of hours in the Pink Elephant bar, just up the street from the Village Inn, was more exhilarating still. Monte Rio sits on the Russian River, a summer playground for every sort of Californian. They were all in the Pink Elephant this evening. The motor cycle gang — jackets, sheath-knives — was more impressive than the yuppie set, shorts, non-suff yachting shoes. Manny, of Manny and the Maniacs, played a wicked lead guitar that pleased all.

July 13 — The Pepperwood Motel, Willits.

I am out of San Francisco's orbit, and off the foggy coast range. As soon as you cross the range of high hills that separates the coast from the interior, you leave the Ferrari and hot-tub leisure culture behind. Mist and overcast magically disappear too. Willits is in hilly ranch and farm country, the kind of place you expect to meet the young Henry Fonda in straw hat and dusty jeans.

A mixed day all round, in fact. This morning I drove past Bohemian Grove, a sort of exclusive summer camp for politicians and the influentially wealthy. Captains of Wall Street and Congress, if they have to let loose sometime, have to let loose somewhere too. The gates were swarming with activists and



Seals bask in the relaxed waters of San Francisco's harbour

political protesters. They come every year to welcome Bohemian Club members — the likes of George Bush and Henry Kissinger — as they arrive to indulge, in private, in the kind of drinking, silly skits, and horseplay the rest of us do in public.

In the afternoon, a leisurely drive through Sonoma County wine country around Healdsburg — miles of winding road through valley-floor vineyards. A lot of the names on post-boxes and winery gates are Italian, German or French. Near the wine town of Asti, I saw a French chateau built in the style of the *ancien regime*, but I do not think it was very ancient.

Willits has family ranch-houses, wire fenced pasture, an old fashioned railway station, and cowboys who lead cattle in herds along the road. It also, much to my astonishment, has a huge Safeway grocery store open 24 hours a day — a little after 10 of fresh California produce, organic health food, and exotic delicacies from Europe and the Far East. Who needs freeze-dried seaweed at 4 am in the morning? I have bought pistachio nuts to watch the late night Home Box Office movie on the motel television.

July 14 — The Allstar Inn, Eureka.

Eureka sits on the edge of America's Pacific north-west rain forest. From here on to Seattle there will be ever more drizzle, fog and greenery. And the life changes too. There is less of the high-tech, high-consumption, service sector affluence that is so marked further south. From now on what

counts are natural resources — coniferous forests and ocean fishing grounds — and the livelihoods, sometimes difficult, that can be wrested from them. The Allstar Inn sits on a long, ugly, commercial strip on the edge of town. There is a timber mill nearby, and the air is full of the sour smell of woodpulp. The Seafood Grotto restaurant across the street is full of truck-drivers, and all evening long heavy loads of freshly cut logs have been grinding through town. I cannot believe that just this afternoon I was driving the steep mountains of Humboldt County's Lost Coast, one of

'In a wharf-side restaurant I had all the fish chowder and fried cod I could eat for just \$6.75'

California's last great wilderness. It is where I would come with a backpack and time, if I had any.

July 15 — Captain John's Motel, Charleston, Oregon. A long day's drive up 101 through magnificent redwood country. Coastal redwood trees are jaw-droppers, awesome creatures that make you sit and reconsider life. Alone they make a trip to the West Coast worthwhile. The world's tallest living objects, many stand over 350 ft tall and are more than 2,200 years old. You can drive

for hours through redwoods north of Orick, but just stand for 15 minutes in the total silence of a soaring grove of redwoods and it will do you more good than a Sunday morning in church. These trees make pop-up headlights and four-way speakers seem suddenly insignificant.

I like Charleston. It is a gutsy little fishing town, hard hit by declining fish stocks and ever more restrictive maritime conservation laws. But it has not given up. From my motel window I can look down towards the boat basin where the trawlers and seine netters head out through the channel into the grey swells.

I like the looks of the Larry Boy, the Western Sea, and the Steep Robber, all old, tough boats. Seagulls scream around the fish-packing plant, seals occasionally bark, and there isn't a pair of designer jeans in sight. This is the land of the flannel shirt and baseball cap. In the wharf-side Sea Basket restaurant, stuffed with flannel shirts, I had the fish chowder and fried cod I could eat for \$6.75.

July 16 — Long Beach Cabins, Long Beach, Washington.

The high cliffs and stunning sea views of Oregon are behind — the Washington coast is flat and sandy, broken by tidal inlets and mud flats where piles of shucked oyster shells decompose in the rain. Inland, stretching away to storm clouds on the horizon are vast forests of fir and pine, and deep bogs where cranberries are harvested.

Driving through the Shoalwater Indian Reservation, a

stamp-sized tract straddling the empty highway, I was brought to a sudden halt this morning. It is not bows and arrows these days. It is speed-ing tickets. It is difficult to drive at 25 mph in the middle of nowhere, I told the Indian patrolman. After some pow-wow-ing, he let me go.

July 17 — the Belfair Motel, Belfair, Washington. I have arrived. The Belfair motel sits in the middle of thick pine forest surrounded by water. But just a ferry-ride through the islands and passages of Puget Sound sits the Seattle airport and a morning flight across the continent. Like Seattle is a wet little city sitting on the edge of the rain forest. The rain does not stop people moving here. It is a busy place, home of the US civilian aircraft industry, and apparently one of the happier cities in the country.

Will I have time to rush around Seattle like a mad tourist once again, and see what quality-of-life means for America? Or should I forget about it and just climb the Space Needle for the view? I am tired. The speedometer on the Probe tells me I have gone 1400 miles since leaving San Francisco. My mind tells me it is time to stop. Rush around? This time, I think not.

Nicholas Woodworth flew to San Francisco courtesy of British Airways, tel: 081-897-4000. BA offers a full economy return fare London/San Francisco for \$1,824. In San Francisco, he was a guest of the Park Hyatt Hotel, tel: (415)-392-1234, fax (415) 421-2423.

The sheriff of Beaver Creek

BEAVER CREEK, Colorado, is a smart, well-appointed but somewhat soulless place. In one US ski guide it says that while Vail is for millionaires, Beaver Creek is for billionaires. I did not see any billions, but the skiing could not be faulted.

Wide, well-groomed pistes, lots of snow (which helps) and short lift queues. However, at night Beaver Creek retires early to bed, leaving a keen apres-ski few choices. The choice is either head for neighbouring Vail, or sit by the fire in the hotel bar drinking beer under a framed photograph of Gerald Ford, James Callaghan, Malcolm Fraser and Helmut Schmidt, keen skiers all.

I decided to trudge through the new snow to the Hyatt Regency Hotel to meet Frank Doll, local historian and "official storyteller". Strolling around the lounge of the Hyatt in stetson and cowboy boots and tending the log fires, Doll harks back to the days before hi-speed lifts, world cup races, fluorescent suits and ersatz Austrian architecture.

Looking and talking like an incorruptible sheriff from a John Ford movie, Doll tells of how his grandfather came to the region in 1885 and built up one of the largest cattle ranches in the Gypsum valley. The ranch prospered for three generations but the Dolls, like all the local ranch-owners, eventually sold their land to the ski resort.

Although most sold out wholesale to the developers, Doll remembers the local rancher who insisted on selling his land in Vail one acre at a time. It annoyed the developers but proved a shrewd move. The farm took 13 years to sell, the first acre went for a few hundred dollars, the last in 1972 went for \$35,000.

Frank Doll admits to a certain sadness at the disappearance of the ranches and the life that was lost with them. The Ute Indians were first to go (north to Utah, the state named after them), followed by the pioneers, then by the miners, the farmers and their cattle and cowhands. Now Vail/Beaver Creek has an airport big enough to take jet airliners, a four-lane highway, its own television station, two of the smartest hotels in the country, and enough restaurants and bars to stock a small city. And lots of skiing.

For those thrill-seekers who like to get their kicks away from the groomed slopes, the area has plenty to offer. There are the famed back bowls of Vail and their deep, untended powder fields. There is also hell-skiing and cross-country, ballooning, dog-sledding, snow-cat tours, snowshoe trails, bobsledding and — my choice for a day — snowmobiling.

Even for someone who has

never even been on a motor cycle, learning to master a snowmobile is easy. The brake is on the left handlebar, throttle on the right, there are no gears, and you must remember to shift your weight when taking a tight corner otherwise the back of the snowmobile flaps like the tail of landed fish. We look a sinister bunch: a neat but noisy line of seven in helmets, mirror sunglasses, black one-piece suits and sleek, Japanese machines.

Before we set off, there are a few words on safety from Dennis, our laconic Texan guide. Do not stop the snowmobile by digging your heels in the snow — you will only leave your feet behind. Don't overtake. And keep away from the edges of the marked trails.

We are soon riding fast through virgin snow. The sleds on the snowmobile lifting gentle clouds of powder up over our knees and into our faces, and heading for Piney Lake.

At the camp, against a back-

Patrick Harverson takes to a bobsled in Colorado

drop of the lake and the distant Gora Mountains, we lunch on bread, hot chili, and doughy blackberry muffins.

After a day's snowmobiling, and some more joyous skiing, it was time to try out the bobsled. We pay our \$10, breezily sign the form absolving the resort from any responsibility if we die, don helmets, clamber in, and hold tight.

A sharp left-hand turn, into the straight, the sled rapidly picks up speed before pitching into a series of sudden, jack-knife bends. Up high on to the walls for a vicious right-hand turn, dumped back on the ice down the straight, then back up on to the walls for an even sharper left-hand bend. And so on, for 90 seconds, at up to 60 mph. The Cresta Run it is not, but it was quite fast enough for me.

After skiing, snowmobiling, and bobsledding there is only one proper way to end the day — in a hot tub. After half an hour trading wisecracks and sharing beers with a couple of rowdy Texans I learn two things: Americans still call Britons "limeys" and they carry their business cards everywhere.

Finally, there is time for a swim, a sauna, a steam bath, and a shower. Narcissists can end with a visit to the beauty parlour. Janet, the resident Beaver Creek "Aesthetician", offers me a "Day of Pampering". I decline, graciously. "Aw, c'mon," she replies. "Real men get pampered."

BOOKS

Secret dilemma behind the Descent of Man

A.C. Grayling hails the definitive work on Charles Darwin's life, thought and times

"DESCENDED from the apes?" asked the wife of a canon of Worcester cathedral. "My dear, we will hope it is not true. But if it is, let us pray that it may not become generally known."

With this sentiment Charles Darwin himself long agreed. For more than 20 years after his epochal theory of evolution by natural selection, fear of anyone discovering that he held such a view made him physically ill. The reasons are set out by Adrian Desmond and James Moore in their new biography of Darwin, a lavishly informative, compellingly readable account which is without question destined to serve from now on as the definitive study of Darwin's life, thought and times.

Without an account of the times it is impossible to understand Darwin's reticence and debilitating psychosomatic illnesses, for it is in the struggle between religious orthodoxy and emerging science, and in particular the importance of this struggle for the political and social upheavals of the 1830s and 1840s, that the secret of Darwin's dilemma lies.

Desmond and Moore vividly depict the upheavals of the period and their effect on Darwin's thought. They never lose sight of the larger picture, while skilfully conducting us through the rich texture of Darwin's private life, which Darwin himself strove to keep as insulated as possible from the tumult of contemporary events. The result is an epic. It reads like a thriller, yet makes accessible a wealth of historical and scientific detail about one of the chief intellectual revolutions of modern times.

Charles Darwin was heir to a solid, non-conforming, comfortable bourgeois dynasty of Darwins and Wedgwoods. He had two famous grandfathers: Erasmus Darwin, physician, science writer and poet, and Josiah Wedgwood, pottery manufacturer extraordinaire. After Cambridge Darwin might have fulfilled his father's hopes and become a clergyman, but an early passion for natural history led to the lucky accident of his joining the Beagle as gentleman's companion and Captain's dining companion, on its Admiralty survey around South America and the Pacific.

It was from the vast collection of biological, geological and paleontological data accumulated by Darwin on his voyage that his theoretical studies grew. It also provided research material for many fellow scientists besides,

DARWIN
by Adrian Desmond and James Moore

Michael Joseph £20, 768 pages

including Robert Owen in his work on "Utopia" (a name Owen himself coined). Darwin's achievement as observer and collector was outstanding, and when he returned to England in 1836, aged only 27, he was already famous because of the many crates of specimens and letters of observation he had dispatched home.

The material Darwin amassed contained the seeds of a scientific revolution. Religious orthodoxy held that all species of living things had been simultaneously created in their present form at a single historical moment. The opposing idea, that life evolved over large tracts of time from more primitive forms, had been argued by thinkers as various as Darwin's own grandfather, Erasmus, and the Frenchman, Jean-Baptiste Lamarck.

The orthodox were bitterly opposed to evolutionism because it threatened their belief in a universal hierarchy of nature and society ordained by God. If nature and culture are self-evolving, and if the ultimate explanation of the evolutionary process is material rather than spiritual, they argued, the stability of the social order is threatened; indeed, the radical press in the 1830s and 1840s invoked evolutionary ideas in support of their demands for reform. It was not only churchmen and conservatives who saw in the accompanying political agitation a proof that evolutionary ideas are dangerous; many in the scientific establishment agreed. And their most powerful argument against evolutionism was that no one had been able to propose a plausible mechanism by which evolution could take place.

It was precisely such a mechanism that Darwin's theory offered. But he was afraid - afraid to the point of disabling illness - to publish his theory, because he did not wish to play into the hands of political radicals: nor did he wish to offend his friends in the scientific community. Above all he was anxious to retain the credibility his Beagle work had won him. So haltingly put, Darwin's reluctance to publish his theory seems pusillanimous: Desmond and Moore show that the pressures were exigent, and the paralysing illnesses Darwin suffered as a result of the conflict bear witness to its severity. In the end Darwin was forced to pub-



lish. During the 1850s the intellectual climate changed, although controversy was still fierce. But the precipitating factor was the announcement by a young naturalist living in Borneo, Alfred Russel Wallace, of a similar theory. Darwin saw that he could no longer wait.

The *Origin of the Species* appeared in 1859 and was the subject of attacks by Bishop Samuel Wilberforce and others. But when it became clear that a strong grouping of scientists and liberal thinkers was on his side, Darwin found himself liberated. He participated in the debate, not without anxiety but not without a certain relish either, publishing defences and extensions of his views, among them his *Descent of Man*. It is not insignificant that in the last decade of his life he enjoyed markedly improved health and serenity. Although there are still those, mainly religious fundamentalists, who deny the

evolutionary theory altogether, and although subsequent research has radically modified and refined the understanding of evolutionary processes, in essentials Darwin's theory remains important as one of the founding insights of modern biological science. By any standard his life's work represents a magnificent contribution. The authors' own contribution in putting this epic of the 19th century into so readable a form is itself considerable. Darwin and his world stand out vividly from the page, and so does the prose and so fascinating the tale it tells that on reaching the end one is surprised at how much history and science one has learned on the way. The authors' encyclopaedic knowledge never slows the pace, and by the last page one feels that their subject is entirely one's own. This is a rare achievement in biography, and Desmond and Moore deserve high praise for it.

A Queen in need of a father-figure

Anthony Curtis on a wise, witty look at Victoria

HERE ARE two more volumes of Victorianism, one of them a full-scale biography. After the lives of Victoria written by Elizabeth Longford, Cecil Woodham-Smith (unpublished), and recently, the American view by Stanley Weintraub, not to mention the earlier ones by Lee, Bolitho, Benson, Strachey, and the many volumes of letters and journals, what is there left to say?

A great deal - as we discover from Giles St Aubyn's long, thorough and penetrating book. It is not so much a question of significantly new material or startling revelations, as gaining a wise, witty, insightful, detached perspective on the whole period. The main lines of the plot which tells of an unfortunate princess, a virtual prisoner at Kensington Palace, her only friend her German governess, turning almost overnight into a formidable Queen and later Empress, remain in place. But as the full story unfolds the heroine, and the bewildering multiplicity of figures surrounding her, stand out in this volume with a clarity that makes it seem as if one were hearing about them for the first time.

What other woman was forced into fulfilling so many different roles in both her family-life and her job? The first was that of a royal victim, suffering the notorious Kensington System of up-bringing devised by her Comptroller, Sir John Conroy, a man of overweening arrogance and self-aggrandisement. Her refusal to accede to his demands when she became Queen put the celebrated confrontation between Antigone and Creon in the shade.

It was only to be expected that the Queen, a one-parent child, should seek the support of a succession of strong father-figures to pilot her through her career. These men, beginning on her accession with her first Prime Minister Lord Melbourne give any "portrait" of Victoria its focal points. Albert of Saxe-Coburg who appeared in her life in 1840, and whom she married four years later, signalled the end of Melbourne's influence. It is her Consort who is the most revered and most enduring of

QUEEN VICTORIA: A PORTRAIT
by Giles St Aubyn
Sinclair-Stevenson £19.95, 669 pages

HEART OF A QUEEN: VICTORIA'S ROMANTIC ATTACHMENTS
by Theo Aronson
John Murray £16.95, 272 pages

her sources of masculine authority, he was by no means to be the last. What caused the untimely death of this energetic promoter of the spirit of science in Britain, the inspiration behind the highly successful Great Exhibition of 1851? St Aubyn suggests it may, ironically, have been the bad drains and unhygienic conditions at Windsor Castle that brought on Albert's typhoid infection.

In his chapters "The Invisible Queen" St Aubyn deals revealingly with the years of the Queen's withdrawal from the world until eventually Disraeli wheeled her back into public life. The deep attachment Victoria had for Disraeli emerges here in sharp contrast to her intense loathing of Gladstone. She was frequently violently partisan in her outlook. This affected not only her appointments of state but also of church. Woe betide any cleric, however able, with Tractarian leanings when she needed to appoint a new bishop.

Yet she knew how to yield on occasions. She came round to seeing the point of Palmerston and supported his bellicosity. She restored a respectability to the monarchy, and a popularity it had so badly lacked under her predecessors, even though there were seven different attempts on her life. She did not understand or perhaps even realise the deprivation under which many of her subjects lived. Yet she was never happier than when walking among the country people on her estate at Balmoral.

Victoria was far from being insular. She could converse with ease in German and understood French. When she was at Windsor, there was nothing she enjoyed more than a foreign comrade's private performance of *Parsifal* or Racine's *Athalie*.

If her most intimate bonds were with Germany, having several German sons- and daughters-in-law, she was utterly charmed by Napoleon III and the Empress Eugénie when they came on a state visit to England, and by Paris on a reciprocal one she made to France. But it was not only Emperors and Prime Ministers who gained her undying affection. It was also one John Brown, a handsome unmarried whisky-bibbing ghillie at Balmoral, on whom she conferred the title "The Queen's Highland Servant" and who after Albert's death became her privileged attendant.

Theo Aronson, author of excellent studies of different aspects of the Queen and her long reign, has taken, in his *Heart of a Queen*, her "Romantic Attachments" (the men in her life) as the theme of his latest book. Compared with St Aubyn's, this must be considered a routine book, but it does deal with matters such as the precise nature of her relations with Brown very fully. Inevitably, there were contemporary gossips calling Victoria "Mrs Brown". Scandal-mongers like Wilfrid Scawen Blunt heard from "Skittles", the notorious harlot, who heard it from Edgar Boehm, the sculptor who carved a bust of Brown that, in the belief that the spirit of Albert resided in Brown, the Queen permitted him all favours. Both Aronson and St Aubyn dismiss this as nonsense. They also agree that like her Indian servant known as "the Mughal", Brown became as St Aubyn puts it "far too big for his boots" and took outrageous liberties.

From his knowledge of the whole Victorian lineage, St Aubyn recalls many of those private moments where the Queen's life intersected with those of her nine children and innumerable grandchildren. His final chapter, "Grandmother of Europe", is indeed in danger of being swamped by these offspring. For his finale he floods the stage, as it were, with the *corps de ballet* though some of these, like the Prince of Wales and the Kaiser, will become leading dancers in their own right later on. But on the whole this new portrait of Victoria is as much a triumph of organisation as it is of erudition.

Searching for gold in the Weimar years

THIS IS an important book both for its contents and the author's approach to his subject. The Weimar Republic has had a good press in Germany during the last two decades. It is not without significance that Hans-Dietrich Genscher has a portrait of Gustav Stresemann, the outstanding German foreign minister of the 1920s, hanging in his office, and that German historians, seeking to establish an acceptable line of historical dissent, have found much to praise in the Weimar experiment. The late Detlev Peukert, one of a group of young social historians interested in "history from below", has sought to apply the tools of social analysis to the whole range of problems faced by the Republic during its most stable and successful phase, 1924-28.

Known for his work on working-class youth groups in Germany, Peukert, in this volume, has moved beyond the confines of social history and the preoccupation of some historians with the uniqueness of the German experience that ended in the Nazi catastrophe. The result is a rich and multifaceted picture of the Weimar Republic as it grappled with the problems of "classic modernisation" inherited from the pre-1914 period and shared with other advanced industrialised states. It is not often that students of social change actually relate their special field of interest to the whole complex of the state's activities, and do so in a highly readable and relatively short book - expertly translated by Richard Devoson.

Peukert's main purpose was to look at the Weimar Republic during the whole of its existence, concentrating on its distinctive characteristics rather than on the events leading to its creation and demise. He has adopted a social and historical approach which takes account of the pre-war period, but focuses on the pattern of response specific to the Weimar period itself. In the republic's most stable phase, coalition governments attempted to forge or maintain fragile links between opposing economic interest groups. Their difficulties were compounded by old and new divisions in German society. Peukert is particularly astute when dealing with the clash between traditional

social and cultural patterns of everyday life and the new cult of Americanisation.

In attempting to establish the republic's political legitimacy in this fragmented society, governments became increasingly active and interventionist, spending far larger sums of money than could be raised by taxation to satisfy the demands of contending interest groups. The result was the politicisation of all aspects of Weimar life and a rising burden of indebtedness, domestic and foreign.

If many of the problems faced by the republic were due to the continuing processes of

THE WEIMAR REPUBLIC
by Detlev J.K. Peukert
Allen Lane £25, 334 pages

industrialisation and modernisation, in advanced industrialised states, there were also tensions and distortions specific to Weimar. The modern movement, a general European phenomenon, had a far shorter and more divisive impact on German intellectual life than in Britain or France. There were, too, the burdens of military defeat and the changes in the world economy which restricted economic growth.

Peukert brings together much of the new research on Weimar's "sick economy" to support the view of many non-German historians that the new democratic welfare-state was destroyed by its inability to bring about social reform and economic recovery simultaneously, rather than by any external factors. The battles between interest groups over economic policy and social welfare provisions, as well as over educational reform and cultural programmes, in which the government played a central role, weakened a state desperately trying to establish political roots. The very richness and diversity of Weimar culture was highly corrosive of the political process and created its own extreme reaction. Generational differences, sharpened by the challenges of mass production and mass consumption, produced new and destructive political divisions. The universities provided an excellent recruiting ground for the Nazi movement.

By providing a far more balanced picture of the Weimar Republic than some historians who have sought to rescue that "remarkably liberal and progressive state" from the dustbin of history, Peukert is able to take a fresh look at its collapse. He convincingly argues that the rise of a mass National Socialist movement between 1930 and 1933 was only possible because the political culture of the Weimar Republic had already disintegrated. The groups in the centre of the political spectrum had either deserted the republic or were increasingly paralysed as the spreading depression left little room for the slide-off that had sustained the highly politicised nation. The ruling elites, in their disillusionment with the republic that had never mobilised their full support, favoured authoritarian solutions. But though the presidential cabinets of 1930 to 1933 were strong enough to destroy the existing constitutional system, they were too weak to face the mass movements which made a return to the old Reich impossible. The way was open for the National Socialists.

Peukert's eclectic approach to the Weimar period is both innovative and suggestive. His thesis that the German crisis was a representative one and not unique to Germany is balanced by the argument that the process of modernisation took a more brutal and uncompromising form in Britain than it did elsewhere. There is, however, a further point to be made. Neither Britain, France, nor the US suffered a special need to create a sense of national identity. There already existed in these countries a concept of nationhood independent of economic prosperity or international position. Germany had a special problem which has taken on new dimensions in our own time. The creation of a nation poses challenges as complex as those of creating a multi-national state.

Zara Steiner

Arguments all the way to Kampuchea

HAMPSTEAD goes global in Margaret Drabble's new novel, the third in the trilogy that began with *The Red and the White*. *The Gates of Ivory* still has a Hampstead-eye view of everything but its characters, an enormous cast, are concerned with the other side of the world, Kampuchea and its Killing Fields. Liz, psychoanalyst, is posted a mysterious package of oddments from there: postcards, sketches, scraps of narrative, diary and notes, and two small human bones. What are they all? Who sent them and why? Are there any clues? They seem related to one Stephen Cox who, leaving no one very close in England, has vanished. Liz and others get on the trail.

In spite of its format (journey, pursuit, unravelling of mystery) this is no ordinary tale of travel and detection. It is an examination of much that is contradictory and appalling in East and West, the holes people may fall into and the borders between them and the unimaginable scale of modern massacre, displacement and atrocity: the whole thing fictionalised yet with ideas and

THE GATES OF IVORY
by Margaret Drabble
Fiking £14.99, 462 pages

HAPPILY EVER AFTER
by Jenny Diski
Hamish Hamilton £14.99, 245 pages

SAINT MAYBE
by Anne Tyler
Chatto & Windus £14.99, 337 pages

THE LEASH
by Françoise Sagan
Allison & Busby £12.99, 148 pages

arguments kept firmly to the fore. Despite this (a never-failing contentiousness, a ding-dong of opinionated argument), it is amazingly entertaining, the best Drabble read I remember and an enormous advance on the now derided Hampstead novel of domesticity, adultery and the rest, from which, admittedly, Margaret Drabble has been moving briskly away. Good plotting keeps it engagingly aloft, and though it is

too long-drawn-out, especially at the end, when all is solved and one wants to pack away the puppets, its often maddening people keep goading one another into every sort of reaction and retort. "Tough going but exhilarating, like a walk in a high wind."

Though *Happily Ever After* doesn't quite come off, either as realism or as fantasy, Jenny Diski's voice is so individual that one cannot fail to cheer. Best on the extremes of life and experience - the old and the very young, the batty, the obsessed - she has an elderly heroine, Daphne, who talks to God with Blake-like familiarity (and is answered), while lust after her landlady, Liam in the flat below. Revulsion and attraction being closely allied, we see the one turn, not altogether credibly, into the other, as Liam, having loathed and rejected her, falls suddenly in love. If Daphne suggests Blake, Liam's grotesque eroticism recalls, in a similarly weird way, Stanley Spencer. Long ago Daphne wrote novels, which Virago are now snuffing out of oblivion; ready for a brother Danny, who is a careerist, she sets off in a career to become what she has

long yearned to be - a wanderer, a bag lady.

Here is a stylish hand and a dark merriment that can enfold anguish. Is it worth being born at all, and is it murder justified if lovingly mated? Can a house weep for its past? Is obsession transferable from one object to another? Oddity and deadpan exactness don't always match successfully, but it makes another exhilarating, disturbing read.

Anne Tyler, though more than competent, lacks the original voice, that unmistakable personality. For a non-American reader *Saint Maybe* is probably diminished by the fact that its starting point is a social one: the recognisable American perfection of a small town family, two amiable parents, three good-looking children, a dog, a cat, a scattering of Eden comes a pretty snake called Daphne. Nothing is known but much can be guessed, and after whose arrival everything falls apart. Ian spills the beans about Lucy to her husband, his adored brother Danny, who kills himself, and the rest of Ian's life,

backed up with dreary intensity by the Church of the Second Chance, is dedicated to making amends. This is attractive writing, very observant, but too much like that of others at the same level of talent to be vehemently recommended.

It seems foolish to mention "the Krutzes and the Conrars" on the jacket of *The Leash* (translated by Christine Donougher), even if it is to claim that Françoise Sagan outclasses them. Of course she does: she is in another class altogether. Her writing is effortlessly enjoyable and witty; the trouble with *The Leash*, as with all her novels, is that one doesn't care about the people, and therefore about what happens. Love, desire, possessiveness, desertion, ferocity, suicide: it has them all but one scarcely raises an eyebrow. Everyone is immensely rich but that ought not to matter; passion should count in any lifestyle or income group. For all its polish and charm, Sagan lacks some quality that makes it matter, the ability to make the heart feel the reader's heart.

Isabel Quigly

Lured to Latin America

undoubtedly Hugh O'Shaughnessy's *Around the Spanish Main* (Century £14.99, 183 pp). He knows Central and Latin America as well as anyone alive today, having spent 30 years covering the region for a variety of newspapers, including the FT in years past. Occasionally he composes an image worthy of Leigh Fermor: he says diplomatic life in Cayenne is "made up of the same equal measures of alcohol, vitriol and protocol."

He splashes carelessly through personal experiences and - unmythically unacknowledged - goblets of Caribbean history, bringing an acerbic humanity to all encounters; the back cover photograph shows a beaming black face standing next to a poster quoting a 1908 tourist handbook which exhorts that: "orders must be given in a suitably imperious tone. Shout if necessary. God is your authority." But O'Shaughnessy occasionally wears a set of blinkers. Alex Shoumatoff describes

his "vomit draft" of Murder in the Rain Forest - The Chico Mendes story (Fourth Estate £15.99, 381 pp) as having taken him a mere three and a half months. Lamentably enough, no-one has done much to tidy up the resulting puddle. The December 22 1988 murder of Chico Mendes, a union activist on behalf of intimidated Brazilian rubber tappers, has become the symbolic rallying point for a plethora of eco- and sometimes ego-activists. Wrestling to emerge from Shoumatoff's baggy monster is a powerful story of Mendes' role as burning a path to wealth, and of the Hollywood battle to obtain film rights of Chico's life and death.

Ultimately, Shoumatoff fails to elucidate clearly the issues involved. Perhaps no-one can; as he acknowledges, truth is more than usually relative in Brazil. Chico Mendes got in the way of greed, and 54 acres of rain forest continue to be destroyed every minute. Andrew Graham-Yooll's lat-

est book, *After the Despot* (Bloomsbury £19.99, 218 pp), could make claims to being environmentally friendly as it is largely a re-cycling of old interviews. Now editor of *Index on Censorship*, Graham-Yooll fled Argentina in 1978, where he was a staffer on the exceptionality brave *Buenos Aires Herald*, which dished the dirt on the 1976-82 military junta responsible for "disappearing" at least 9,000 people. The interviews with Borges, Graham Greene and the Paraguayan writer Augusto Roa Bastos, are fascinating. Others are predictable and dull. Some, even less than that.

An Englishman in Patagonia by John Pilkington (Century £15.99, 223 pp) suffers from the inescapable spoor of Bruce Chatwin's *In Patagonia*. Pilkington amiably notes just how vastly Chatwin embellished what he found in this semi-desert at the bottom of Argentina and Chile. But on the basis of this book, Chatwin's need to dress up his tales becomes

entirely explicable. The expatriate Argentine novelist Julio Cortázar, who died in Paris in 1984, travelled frequently to Nicaragua between 1976-83. Fifteen essays have now been collected from those trips. *Nicaraguan Sketches* (Norton £11.95, 142 pp) has a tendentious, pro-Sandinista flavour, a striking-of-fences attitude, which will please or annoy but not astonish. Nevertheless, his translator, Kathleen Weaver, has served him well.

Petru Popescu, author of *Amazon Beaming* (Macdonald £16.95, 402 pp), could have done with her services. The story of Loren McIntyre's contacts with the Mayan tribe is potentially fascinating, but you need to wade through sentences such as "Somehow, on the screen of his mind, the image of yesterday's children had dimmed and the vaguely glimpsed blue tattoo around their lips seemed abstract now, improbable." This kind of estate agentese requires a machete. Pass the seedcake please.

Gary Mead

ARTS

Just go down to the woods today....

William Packer explains why you are in for a big surprise in Grizedale Forest

GRIZEDALE Forest sits in the middle of Furness, between Conistone and Windermere in the Lake District. It occupies the former Grizedale Estate that was taken over by the Forestry Commission in the late 1930s. The house was demolished in 1977 but the house, workshops and outbuildings remain. Since 1969 they have housed The Grizedale Society, winner last year not only of the Prudential Award for the Visual Arts but of the Award for the Arts overall, amounting to some £100,000. With that final annual adjudication due again next month, it seems the moment to say something of what the Society has done to deserve its prize and the use it has made of it.

The whole thing is the creature of Bill Grant, who had come to the forest before the war and returned as head forester in 1963. In 1968 he travelled through America and Canada on a Churchill Fellowship, to see how ideas of public education and recreational access already initiated at Grizedale might be developed. On his return he proposed the conversion of a former coach-house into his Theatre in the Forest, which seemed radical enough at the time yet, from the moment of its opening in 1970 has seemed natural, obvious, inevitable.

But it was a later development that would win the prize. The Silurian Way, a special ten-mile route through the forest, was opened up in 1973 to offer the active visitor an insight into the natural history and working management of the forest. Then, in 1977, as before with the positive encouragement of the regional arts association, now Northern Arts, it was decided to add sculpture to these natural and physical trails. This too at first seemed almost too radical, even shocking, an intrusion, but again, once demonstrated, was soon accepted as natural, right and, more than that, stimulating and intriguing.

The trick was not to bring sculpture to the forest, but rather to bring in the sculptor to respond directly to the experience the forest afforded, and to express that response in the materials the forest threw immediately to hand. From the start the practice has been for the artist to come first, to explore and only then to choose a site, decide upon what to do and set to work. What is done is then left to take its chances in and of the life of the forest.

But it was not only the sculptures themselves that were to justify the initiative. Almost more important has been the active, working presence of the artists, busy in all weathers and serious enough in their preoccupations to command the respect and co-operation of the foresters, and the interest of the visitor. That extraordinary things should be seen to be made by manifestly ordinary and unaffected people goes a long way towards demystifying art and breaking down the regained prejudice against it. It would be quite unreasonable to suppose every work a great success, or that everyone should like everything, but an engaged and respectful curiosity at least is the first step towards a meeting of interest.

With something over 120 works installed since 1977, of which 74 are presently in place with more in process, there have been plenty to choose among. The Prudential money has allowed the making of no less than 26 new works, besides the funding of one craft and two painting residences in the lately converted Saw Mill, several projects with the local schools, and the preparation of an inner loop through the woods accessible to the disabled.

And always there is the forest itself, working its magic in my case very wet magic indeed. Few works declare themselves at a distance: most lurk quietly, waiting their moment. Sally Matthews' Boars bristle in their clearing below the track, and her



'A Cry in the Wilderness' by Sally Matthews

hounds chase their quarry up the dark hillside. Andy Goldsworthy's seven spires, clusters of poles as tall as the trees stand among, turn their clearing into a natural cathedral. Deeper into the woods he takes a wall for a walk away from its old straight line to snake among the trees.

Artists have come from all over the world: Kees Bierman to enclose a

length of wall in a wooden cage; Kimio Tsuchiya to make his stone forest of seven dry-stone columns; Borislav Kishklov to set his totemic wooden windmill on its trestle high on the hilltop. As I left there in the pouring rain was Anna Best, clearing the top of the knoll she had chosen in the centre of a magnificent natural amphitheatre. Who knows yet what she will put there.

Screen/Video

Surprised by strange bedfellows

THIS MONTH'S video theme is "strange bedfellows." One reason people like to sign on for life as paid screen-watchers, with all the vocational hazards of sunlight deprivation and ill-reviewed film-makers swearing vengeance, is the moving picture industry's capacity for surprise.

Three examples from the October releases. Franco Zeffirelli's film of Shakespeare's *Hamlet* (20:20 Vision) has Mel "Mad Max" Gibson playing the Danish prince and winning. Rob Reiner's film of Stephen King's *Misery* (First Independent) casts unknown actress Kathy Bates and rarely-employed Hollywood rebel James Caan in the lead roles of a kidnapping-and-horror plot - surprise result, jacket at the box-office and Oscar for Ma Bates. And to show that career mobility in the cinema is not always upward, *One Wild Night* (Gulf) is a *Home Alone* follow-up from screenwriter John Hughes which sank in American cinemas as surely as the first film became the most successful comedy of all time.

One Wild Night, never seen in British cinemas though caught by me on an unlucky night in Florida, clones *Home Alone's* plot right down to the young boy hero (this time

immured in a supermarket where he is nightwatchman) bashing at two wacky burglars. Only problem: the burglars are not funny, the boy is not funny and the plot twists are not funny.

It is wonderful proof that you cannot make good films by formula; just as *Hamlet* and *Misery* prove you can make good films by trying in the face of formula. Please catch the first on video and marvel at Gibson's prankish, volatile prince, who speaks the verse as confidently as veteran costars Paul Scofield and Alan Bates. And *Misery* is the finest of all Stephen King films, raising your hair in scene one and requiring a steamroller to flatten it after the shocks and screams of the ensuing 90 minutes.

Surprise keeps us critics going. And where surprise fails, its cousin revelation steps in. Best of the foreign films this month are *Tiul* and *Life And Nothing But* (both Artificial Eye). Idrissa Ouedraogo's *Tiul* is a tribal tale of genocide violence from Burkina Faso. Two illicit lovers alone across the gleaming desert, only to find there is nowhere to hide. The stark plot and dialogue are mirrored in the starker radi-

ance of the landscape, all bony trees and false-luring mirages. African cinema comes of age with this film and its Ouedraogo precursor *Yaba*.

Bertrand Tavernier's *Life And Nothing But* should be seen on a wide screen and nothing but. But some of its melancholy magnificence survives on video as French officer Philippe Noiret sifts through the First World War dead in this moving post-mortem on human folly. Not since *La Grande Illusion* have the charred battlefields and singed idealism of a generation been better captured.

Elsewhere the video month

is a riot of miscellanies: take a deep breath and plunge in. The films of France's Eric Rohmer, master of mandarin moral tales like *Chloe's Knees* and *My Night With Maud*, are available from Castle Hending. Warners ransack the vaults to come up with such Tinseltown literary classics as *David Copperfield* (W.C. Fields indelible as Micawber) and *Julius Caesar* (Marlon Brando ditto as Mark Anthony). Ken Loach's *Riff Raff* (Palace), a free-wheeling, free-swinging comedy about building-site life, is the best film in years from the maker of *Kes*. And for lovers of filmic pulp fiction, what better than

Pacific Heights (Fox) and *Revenge* (RCA/Columbia). The first is John Schlesinger's San Francisco screamer about a Satanic tenant (Michael Keaton) and the couple he terrorises (Melanie Lynskey, Matthew Modine). The second is a wild fun down Mexico way, as Dyer Kevin Costner runs foul of landowning mobster Anthony Quinn after bedding Quinn's wife, Tony "Top Gun" Scott directs with filters, smoke-effects and superabundant exoticism, as if he had been bitten in a tender place by Josef Von Sternberg.

Nigel Andrews

Radio

Trailing Mozart

appalling disorder after their success at Badajoz. But Juanita does stallow work passing on what she learns as secretary to a French general (and the affairs of a French captain); and Julian's help for Smith's patrol enables them to secure a vital French supply convoy.

Great material, though an ill-organised narrative. I thought, so I did not hear the Sunday play, listening rather to Radio 3's *Mozart Day*. Presented by Anthony Burton, it followed the composer to the different places where he lived and worked; it lasted all day and I never found it dull. It not only displayed what Mozart wrote, but what were the influences on him. Luckily, he was a bountiful letter-writer and we can build a true picture of his life. After a 7-year-old visit to London, we had the First Symphony (K16) of two years later. Then we had 45 minutes on his home city of Salzburg, where we heard father Leopold's horn concerto and some

sweet duets for violin and viola by Mozart and Michael Haydn. Nicholas Till on national character emphasised that there was no Germany then, only a jigsaw of independent states. Mozart (no German: no Austrian either) was anxious for a German art. He was specially keen on Mannheim, where he tried, and failed, to start a German opera. There he heard Ignaz Holzbauer's sing-song *Gänther von Schwarzbürg*; a studio recording was played of one scene, and I found it as exciting as Mozart had. One of the pleasures of this programme was the chance to hear such rare music.

On to Prague, where Mozart had most success, then to Vienna. An interesting talk on Mozart's composing methods dispelled my belief that I knew all about them from the famous quote by Friedrich Rochlitz, as the quotation proved to be from a forgery. Mozart did not just write down what came into his head, but

made sketches like any other composer, and often altered them as circumstances suggested. The concert by the Orchestra of the Age of Enlightenment (it included the Paris symphony and the Sinfonia Concertante for violin and viola) was the last serious music of the evening, but it ended charmingly with the Post-horn Serenade. Altogether a splendid day.

Fictional villages are natural fodder for home. Ambridge is everyone's home town: I confess I'm not sure if *The Village* is fact or fiction; but Mayfield, whence Radio 4 has been sending us *The Other M.C.C.*, is real enough, ten miles or so south of Tunbridge Wells, and its cricketers are live. We have attended some intimate afternoons with the Mayfield Cricket Club (get it?), and very nostalgic they are. But nostalgia is not an absolutely longed for something to happen; even the local derby against Five Ashes (no commentary) was a draw. But then we shall have fiction charging in. A lady producer, Sally Marmon, she should have been doing the teas. Perhaps she was.

B.A. Young

Tennstedt's Beethoven

ing of a difficult piece - so peculiarly elating when it comes off, so curiously dry and formal when it doesn't - which, by the strangest of coincidences, the young Finn's contribution was far and away the most rewarding component part. His piano playing was not just nimble, elegant, lyrical and witty by turns; he alone seemed to realise that the work is at root Beethoven chamber music, albeit expanded and broadened in style.

By contrast, his two celebrated string-playing partners, both in somewhat sourly tuned

form for the opening flourishes, seemed to approach their lines as though part of some musicians' athletics event - competitively, with muscle-bound energy and with no concern for ensemble dynamics and group development. Things improved, but never to the point of cohering or catching fire; and the LPO's lumbering accompaniment was not a source of pleasure.

This was a sore disappointment, swept away by Tennstedt's *Eroica* in the second half. At a time when one's views of Classical symphonies

tend to be set, or at least strongly influenced, by period-instrument performances, it was a shock to be given old-fashioned Romantic Beethoven on the largest scale. The complement of strings was huge, and - a particular oddity - the three horns were doubled to six, which added a fiercely brazen note to climaxes.

The result, I found, was not overweening but exhilarating and, in all the most positive senses, triumphant. Tennstedt's plain-speaking honesty as an artist inspired players and listeners alike with a powerful new feeling of musical adventure. The grandiose interpretative formula was used to achieve genuine grandeur.

Max Loppert

A blitz of Beckett

Alannah Hopkin on the opening production of the three week festival in Dublin, 'Waiting for Godot'

AMONG THE numerous fly posters for rock concerts plastered over Dublin's semi-derelict quays there are several displaying two black and white photographs of an elderly man with a crew cut: Samuel Beckett. Larger versions on more conventional billboards announce the city's three week Beckett Festival which runs until October 20. Even those Dubliners who have never seen a Beckett play nor read a Beckett novel are proud to acknowledge the Dublin-born Nobel prize winner as one of their own - forgetting, temporarily, the awkward facts that he left Dublin for good in 1937 and wrote much of his work initially in French.

For three weeks there will be a Beckett blitz on Dublin: exhibitions of Beckett-inspired art and photography, and a lively programme of lectures, seminars and readings at his alma mater Trinity College. His plays for radio and television will be broadcast by RTE and his complete works of theatre - 19 plays, some lasting only minutes - will be performed at the Gate Theatre. The predominantly Irish casts will be directed by acclaimed interpreters of Beckett's work from Germany, Poland, France, the UK and Ireland.

The festival opened, appropriately enough, with a restrained, conventional

Waiting For *Godot* which should satisfy the most demanding purists. The two tramps, Vladimir (Barry McGovern) and Estragon (Johnny Murphy) immediately establish their bizarre, self-contained world with rapid, razor-sharp repartee. Alan Stanford's arrogant Pozzo has a commanding theatrical presence which contrasts well with Stephen Brennan's rather underplayed Lucky. The only irritation was an exceptionally winsome Boy who recalled the young Julie Andrews at her most cloying.

This is in fact a revival with minor cast changes of the 1988 Gate production, using the same set by Louis le Brocqy. His stylised tree is suitably minimal, acquiring three fluorescent green leaves for the second act, but his idea of a "low mound" - a free-standing blob of some material like polystyrene - was distracting and at times unintentionally comic as whoever sat on it hard tended to bounce up again.

The distinguished German director, Walter Asmus, who worked as Beckett's assistant director on the Schiller Theatre's *Godot*, and many subsequent productions, allows his cast no gratuitous clowning nor, God forbid, any mucking

about with the text. The naturally knowing, mournful cadences of the actors' Dublin accents serve Beckett well. Such laughs as there are emerge naturally from words and gesture and their scariness makes them all the more appreciated.

As it happens, I prefer Beckett straight. He himself paid meticulously detailed attention to the matter of stage directions, and it surely pointless to try and improve on them. Efforts to sweeten the pill only make a nonsense of the whole exercise. I have not seen the current London production, nor would I wish to, having walked out of the National Theatre's effort to prove that the play was really a TV sitcom some years ago. An evening of Beckett should be, as my neighbour always remarks on a rainy day, "nice and gloomy" relieved only occasionally by flashes of absurd humour. So it was at The Gate, but Beckett's proud compatriots, to judge by the audible squirming of bums on seats a quarter of an hour before the end of each long act, apparently found this *Godot* intolerable. I could not help wondering if those enthusiasts who had bought a £55 season ticket to all 19 plays were really looking forward to the next three weeks.

Swell party for Porter

COLE PORTER's party gets off to a bad start: too much volume, too much talk, not enough song and, above all, too much nervousness about how the rest of the party will go. Yet the time is "Just One of Those Things", we have been through an awesome lot.

It may not be quite the party you were expecting. If you grew up on Cole Porter as sung by Ella Fitzgerald and Frank Sinatra, you could be in for surprises. This is not smooching, cloying sentimentality. At times, the piano-playing is dominant, almost excelling even the best-known of the Cole Porter lyrics. The best voices are masculine.

When Ms Fitzgerald sings "Miss Otis Regrets", for example, she is singing on behalf of Miss Otis. The piece is much more powerful when sung, as here, by the butler who is announcing that Miss Otis is dead.

The revelation in this mainly musical celebration of Cole Porter is Martin Smith, a man who has been knocking about in musicals and orchestras for some years. He plays the piano with authority. He also commands the stage. When he sings one of the less-known songs, "Love for Sale", as a male prostitute in Amsterdam, he puts the Cole Porter some of us thought we knew on a quite



David Kernan

different plane. He does the same with the far better known "Begin the Beguine". The mood is compulsive passion, not nostalgia. Smith can tapdance as well, as we see in "Rag Tap on Wood". The direction by David Gilmore has a way of focusing the light on him that invariably catches him at his best at the end of a song. A *Swell Party* would be worth seeing for Smith's tribute to Cole Porter alone.

The next best contribution is also male. It comes from David Kernan, the butler of "Miss Otis Regrets" and who is a marked improvement on the Maurice Chevalier approach to

Can-Can. Like Smith, he adds the harder, tougher edge.

As for the show as a whole, much, though not all, of the familiar brilliance is there: the wonderful off-rhymes (theinous, Coriolanus), the clever play on names and words ("If a Harris pat, means a Paris hat") and "If the Hindi priest moves too far east... I'm always true to you, darling, in my fashion".

If the production has a fault, it is that it dwells too much on the narrative. I did not know that Cole Porter was a practising homosexual ("Practising?" he says like Noel Coward, "I was perfect"). Nor about his near-fatal riding accident and subsequent addiction to drugs. Nicholas Grace as Cole Porter spends too long telling us about them.

The story line is not the most important part of the show. Listen to "Night and Day" as well as "Just One of Those Things". You might actually think of lines and lyrics from another time, like "Some have deeper, dug love's mine than I". The same people who like John Donne also tend to like Cole Porter. Here you can see why. Porter added the piano.

The occasion for this celebration is the centenary of his birth and a *Swell Party* at the Vaudeville is more than the title suggests.

Malcolm Rutherford

The Official London Theatre Guide

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TELEVISION
SATURDAY

BBC1

7.25 News, 7.30 Ovide, 7.40 Opposites Attract, 7.50 The Jokers, 8.15 Chucklevision, 8.25 Dumb and Dumber, 9.30 Going Live!

BBC2

12.12 Weather, 12.15 Grandstand, 12.20 Football: Rounding up the week's European action, 12.40 Motor Sport: The British Touring Car Championship from Thruxton, 1.00 News, 1.05 Swimming: The Water Polo International from Birmingham, 2.00 Racing from Chesham: The South Wales Showers Supplies Hurdle Race, 2.15 Trampoline: The World Cup from Birmingham, 2.25 Racing: The Mercedes Benz Steeple Chase, 2.30 Trampoline: Ing, 3.10 Racing: The Timeform Hurdle, 3.25 Gymnastics: The Gymnastics Classic from Birmingham, 3.30 Football: Half-Time Score, 4.00 Football: 4.35 Final Score, Times may vary.

LWT

6.00 TV-am, 9.25 Motorworld, 11.30 The ITV Chart Show, 12.30 PM Sainsbury's.

CHANNEL4

6.00 Early Morning, 9.25 Class by Class, 10.00 Noah's Ark, 10.30 Wagon Train, 11.30 Australian Rules Football: Grand Final between Hawthorn Hawks and the West Coast Eagles, 12.30 pm American Football - Red 42.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:

ANGLIA: 1.05 Anglia News, 5.05 Anglia News and Sport, 5.30 Anglia Weather.

BORDER: 1.05 Border News, 5.05 Border News and Sport, 5.30 Border Weather.

CENTRAL: 1.05 Central News, 5.05 Central News, 5.15 Central Sports Special - Goals Extra, 5.30 Baywatch.

CHANNEL: 1.05 Daily Dates, 5.05 Channel News, 5.15 The Big Bat, 5.15 Puttin' on the Pajamas.

GRAMP: 1.05 Grampian Headlines, 5.05 Grampian Headlines, 5.15 Grampian, 5.20 Put it in Writing, 5.30 Baywatch.

GRANADA: 1.05 Granada News, 5.05 Granada News, 5.15 Granada Sports Extra, 5.30 Baywatch.

HTV: 1.05 HTV News, 5.05 HTV News and Sport, 5.30 Baywatch.

ITV Wales as HTV except 5.30 Baywatch.

SCOTTS: 1.05 Scotland Today, 4.45 Scotland Today Results, 5.05 Scotland Today, 5.15 Scotland Today, 5.30 Scotland Weather.

TELE: 1.05 Tele News, 5.05 Tele News and Sport, 5.15 Tele News.

TYNE: 1.05 Tyne News, 5.05 Tyne News and Sport, 5.15 Tyne News.

ULSTER: 1.05 Ulster Newsline, 5.05 Ulster Newsline and Sport.

YORKSHIRE: 1.05 Yorkshire News, 5.05 Yorkshire News, 5.15 Yorkshire News, 5.25 Yorkshire News, 5.30 Yorkshire News.

YOU WILL enjoy Brilliances and Blunders in the European Championships by Terence Reese, published in paperback by Maxwell Macmillan at £7.50.

The hands come from the championship recently held at Killybeggs - the brilliances will delight you, the blunders will astound. Today's example comes from the Ladies team event, in which Ireland were playing against France:

W
K J 7 2
K 10 4 2
J 3
A Q 8 6

W
A 8 8 6
J 9 3
10 7 6 4
5 2

E
10 5 3
Q 8 7 6 5
A 5
J 9 3

Q 4
A K
K Q 8 2
K 10 7 4

With North-South vulnerable West dealt, and after two passes East bid a psychic one heart, and South overcalled

comeback. Many have tried and failed to entice the reclusive champion back to the board. The latest is Luis Renzo, organiser of the Linares elite tournament, who is offering Fischer \$2m (£1.1m) for a match against a grandmaster. Fischer has hardly earned a cent since he beat Spassky, but doesn't count on him appearing. Chess No 881

Dr E Gavilondo v H Berliner, US Golden Knights 1955. Berliner (White, to move) sacrificed a piece in his first national postal contest, but could not crack a stubborn defense. Suddenly he saw the right idea and thought "Now I will win the title". He did, and went on to become America's first world postal champion. What should White play? Solution Page XX

Leonard Barden

BRIDGE

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W
K J 7 2
K 10 4 2
J 3
A Q 8 6

W
A 8 8 6
J 9 3
10 7 6 4
5 2

E
10 5 3
Q 8 7 6 5
A 5
J 9 3

Q 4
A K
K Q 8 2
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Leonard Barden

CROSSWORD

No. 7,664 Set by GRIFFIN

Prizes of £15 each for the first five correct solutions opened. Solutions to be received by Wednesday October 16, marked Crossword 7,664 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 8UL. Solution on Saturday October 19.

Across

1 It's booked to provide loans (7,7)

10 Griffin's in and that's correct (5)

11 Where gala team runs round youth centres (9)

12 Soldiers handle withdrawal (7)

13 Wave to acceptable medical officer (7)

14 Order old girl to follow (5)

15 Second bad doctor left secretly (9)

16 Spanish dish turned brown in smoke (9)

20 Stores having no time for history (5)

22 Duck soup's upset many a marsupial (7)

23 Push Southern girl in face (9)

24 Tender proposal (5)

25 Violent struggle to get door-bell working (4-4-5)

DOWN

2 Cause of irritation to viewers? (9)

3 Avoid odd rocks, say, when climbing (5)

4 Drop thing round before dusk (9)

5 Goes ahead and wires (5)

6 Plants said to defeat grubs (5)

7 Alert second mate on watch (5)

8 Longed for time to study uprisings (7)

9 Inside of a brick building (9)

15 Somersaulting as it darts paid off (9)

17 Benefit Society to censure sure (5,4)

18 Fraudulent, futile management a month ahead (9)

19 Paid journalist to grab stick when poked (7)

G.D. Beale, Burgess Hill, West Sussex; Mrs A. Ford, Harrogate; N. Yorks; K.A.L. Ford, Leicester; D.M. Smith, Tibby Town, Essex; M. Wright, London SW6.

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AMERICANS are the most unfortunate people in the world. Their reputation precedes them, an awful stereotype of chirpy vacuousness which no other nation endures. Obscure peoples have obscure reputations, but everyone thinks he knows what Americans are like, even if he has never met a New Yorker.

My own early prejudices against Americans were instilled by my grandmother, who travelled there often accompanying my grandfather on business trips.

"They are Martians," she states, to this day. The reason for this extraordinary reputation seemed obscure but the gist was that in

Behind the smile they're laughing

The British hold the Americans in contempt and the feeling is mutual, says Dominic Lawson

adolescence Americans, and particularly American men, decided in some strange and arbitrary way what sort of person they would become, sometimes with little reference to their real character. From that moment they played the part like a seasoned actor. The implication was that they ended up thinking that life should be like a movie with a happy ending, and that they must take the lead male part.

There may be something in this, although the American film heroes, however implausible, may bemodel-

led on real American life, rather than the other way round. But even if true, the theory is not peculiar to Americans. All nations have masculine role models. In England the model - in need of restoration - is the English gentleman. The stiff upper lip, the brogue, the shirt from Asper and Turnbull and, ultimately the stately pile are not manifestations of an innate or original character, but are painstakingly learnt by Englishmen. No child is born an English gentleman.

Yet Englishmen laugh at what

they see as the pretensions of Ralph Lauren, the American clothing retailer, who has made an immense success out of persuading Americans to dress in the style of the English country set. Somehow, when Americans buy such clothing it is deemed an affectation. If English people do it, it is considered natural good taste.

The biggest English prejudice against Americans is an unspoken one, because it reflects so badly on us. We can't stand their enthusiasm. When one goes to America the

most surprising discovery is the joy which Americans take in their work, however mundane. The American sandwich seller behaves as if he believes that nothing is more compelling than selling sandwiches. He will have books on the making of sandwiches. He will tell you the favourite sandwiches of film stars and presidents and how important sandwiches were to their success. What is more the sandwich maker will also harbour the ambition to become the best sandwich maker in the business.

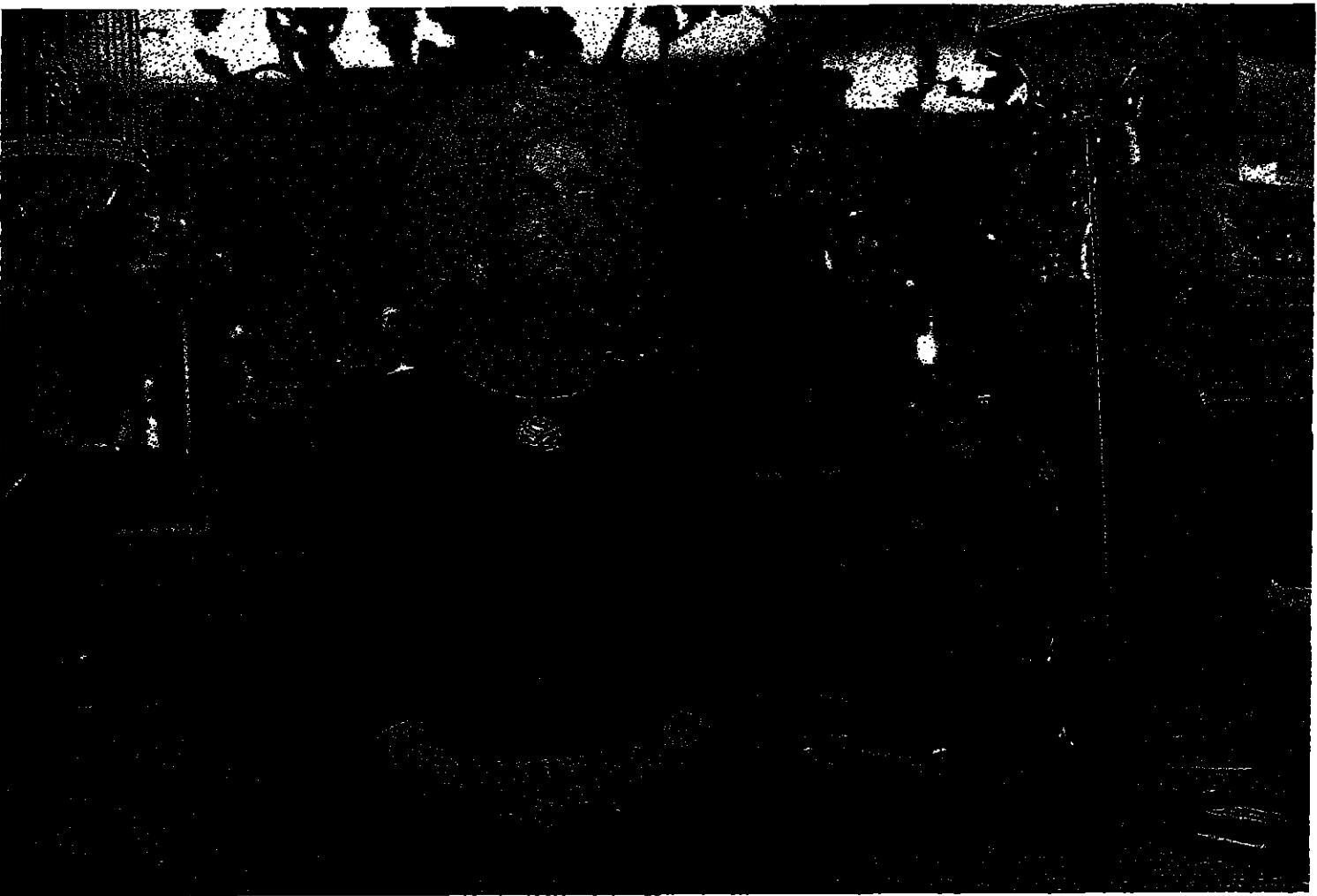
It may appear faintly absurd, but I prefer it to the English attitude, which is so often to regard work as a public humiliation and to reserve any enthusiasm for unproductive private and solitary hobbies such as fly-fishing and pigeon-fancying.

The biggest mystery of all is why the English - as their economic power has waned and the Americans, despite recent setbacks, has waxed - continue to regard their transatlantic cousins with such thinly disguised contempt. The main reason may simply be that

Americans appear to regard the English as with so much respect. Nothing causes a more inflated sense of self than flattery. But it is only flattery, arising from the legendary politeness of Americans. When Americans say "have a nice day" we sneer, but when they say how wonderful the English are we smugly assume that they really mean it, and that it is true.

My American friends tend to be complimentary about the English in public, but in private they are rightly scornful of the British laziness, slovenliness and willingness to put up with third best. If the English really knew how little the Americans respect us then we would in turn begin to regard them with a little less condescension.

■ Dominic Lawson is editor of The Spectator.



Glyn Gwyn

Private View

Manners in murder city

MISS MANNERS is a sweet little old-fashioned lady who hopes for "a nice, fresh, polite new millennium". Her subject is etiquette, and as you would expect in someone who might have gone to school with Queen Victoria, her language is refined, delicate and a little prolix.

But etiquette, Miss Manners warns, is not just about thank you letters and place-settings. It is a rough old business, and not for the squeamish. (Well, how would you advise parents whose daughter wanted to get married in the nude?) Judith Martin is a shrewd and witty woman-about-town who has probably more influence on the everyday life of America than a whole posse of politicians, pundits or presidents. Her thrice-weekly column is syndicated in 250 newspapers and therefore is read by something like 10m people.

Miss Manners inhabits a society of extremes, where you may step from the smiling attentions of a restaurant waiter straight into the gunshot of a drug-crazed driver. Judith Martin cannot therefore afford to be flippant. Good manners, she argues, are a symptom of moral values, etiquette a voluntary extension of the law. The woman beneath Miss Manners' tight bodice writes robust good sense. Her little aspersions have a redemptive purpose.

Here is a line from her *Guide for the Turn-of-the-Millennium*: "Miss Manners refuses to allow society to seek its own level. Having peered through her lorgnette into the abyss, she can guess how low that level would be."

How old is Miss Manners? I asked

when we met in Washington. "Oh, she's ageless. The mistake is to think that Miss Manners or I want to go backwards to a fictional time where everybody behaved well. There was no such time."

Perhaps I imagined it, but it sounded as if Judith Martin has two voices: throaty for herself, light and prim for her alter ego.

What is her ethnic background? "American. Miss Manners is very much an American patriot who..." She sounds a bit WASP to me, I interrupted.

"Well, I wouldn't say so. She

efforts, can become a lady or gentleman. A duke who behaves like a lout is still a duke, but in a classless system a person who behaves like a lout is simply not a gentleman."

I was wrong to call Miss Manners a WASP. The woman who wields her pen is Jewish, daughter of Jacob and Helen Perlman, and wife of Robert Martin, a molecular biologist and playwright. She graduated from Wellesley and the *Washington Post*, has written two novels and lectures at Harvard University. The history of etiquette started as a hobby when her father, who was a

Christian Tyler goes to Washington to meet Judith Martin and her alter ego

would be most comfortable sitting down talking to Benjamin Franklin, whose life passion was egalitarianism. You are presuming, it's a mistake that is often made, to say that etiquette is some sort of Anglo-Saxon snobby system to be imposed on people. We Americans, together, have the problem of how to live in a peaceful and even pleasing manner that gives equal dignity to everyone."

Sitting self-confidently upright, Miss Manners gave me a short lecture on the history of American manners since Mrs Trollope (Frances, mother of Anthony) poured scorn on them in 1832.

There had been a deliberate effort to develop a code for a classless society, she said, free of subservience on the one hand and patronage on the other. "The idea is not that there are no ladies and gentlemen but that anybody, through their

UN official, took her as a child to the Cairo Museum and they read with hilarity an ancient Egyptian's advice to his son.

I asked whether her own upbringing had been very disciplined.

Well, there is a very strong tradition of etiquette. Don't forget that the Jews had candlelight dinners properly served when the rest of the world was still living in barbarism. But I grew up in a time when it was assumed parents taught manners to their children."

Thinking of the sirens screaming outside in the murder capital of the US I asked her if the behaviour of Americans had degenerated.

"Socrates complained that the younger generation didn't know how to behave. Every generation sees change as deterioration." But she agreed there had been a downward lurch due to what she called the "nouveau Rousseau-ism" of the

Sixties, the idea that people were best when at their most natural, that the virtue of truth-telling overruled the virtue of kindness.

"People were against artificial behaviour and hypocrisy and so on, neglecting the fact that actually all civilisation is artificial."

"There was a deliberate attempt, for example, to refrain from child-rearing, based on this sweet but misleading idea that you don't want the child to be inhibited. Well, of course you do. The children brought up under that system are adults now and they're not about to let their children get away with what they did! So I see a rather encouraging trend."

"Yes, there is a terrible crime problem. Crime, of course, is not an etiquette problem although you can relate them. There has always been crime and there are terrible problems here - and abroad - with people who seem to have no stake in the civilisation in which they live."

"I think it would be a little ridiculous to call it merely an etiquette problem, though again there is a relation between morals and manners. They are sort of on a continuum." Nor, she added, was it just a question of poverty. Even the poorest rural black families of the past had the highest standards of family behaviour and honour.

Was technology partly to blame? "Technology, for instance?"

"Technology is a tool. It could make family life closer. The microwave only cooks the meal, it doesn't tell you whether you eat it together or separately. The television set has an 'off' button on it. Family structure had been consciously disrupted to allow both parents to work, she

said. But it had been done in such a way as to give both only half a life. "This is a rotten solution!"

(I decided to test Miss Manners' diagnosis on the first person I encountered after we met. He was a paterfamilias, about 55, a Bill Cosby lookalike who drove me to the airport. And he echoed her exactly, complaining of a misplaced sense of values, the breakdown of family life, peer pressure taking over from parental example, the fact that nobody ate meals together.)

Judith Martin's column was always humorously written but it was regarded when it started in the late 1970s as little more than a joke by her editors - until the mail started to pour in. She gets hundreds of letters a week.

OK, I said, but aren't you really addressing only suburbia (all "superbia" as the Americans call the smartest areas), isn't your message a bit late for the inner cities?

"You don't believe in redemption, evidently," she replied tartly. "I'm not pretending to solve the social ills of the world, but they are not helped by the total lack of the civilising restraint of manners."

"If you examine, right here in this city, the so-called senseless murders what does the accused murderer say? He says of his victim: 'Well, he was dissin' me.' It means showing disrespect for 'He was dissin' me, so I shot him.' There is very little difference between that and the 18th century aristocrat who said: 'Well, he looked at me cross-eyed, so I challenged him to a duel.' The human desire for respect is the same."

Addressing Miss Manners again, I asked for advice. What do you do when another driver winds down the window and yells obscenities at you?

"Well, oddly enough, it has never happened to me."

What would you do, on mind, my own business. Etiquette is not martyrdom. In many cases there are polite ways that you can defend yourself. But to get into a quarrel while driving is very dangerous."

What is Miss Manners' biggest headache, then?

I thought she would say divorce. Instead she replied: "I would say society's most difficult problem right now is separating business life from social life. There is this tremendous overlap where people have pseudo-social lives that are really business dealings, and vice versa." She mentioned office parties, expense account dinners, career friendships, firms writing "personal" letters to sell their wares, individuals using company notepaper to register complaints. "It makes havoc of people's lives."

I addressed Judith Martin: Do you not sometimes wake up in the morning and think Oh, my God, I've got to be Miss Manners again?

"Well, it's not a vaudeville act. I mean, I'm a writer and I would have no more or less reaction than you waking up and thinking 'I've got to write my interview'."

Will Judith Martin come more to the fore in the future?

"I'm not quite as schizophrenic as you seem to think. I have always been Judith Martin and I will remain so."

So you're not tempted to kill Miss Manners off? "Why would I want to do that? She's trying to make a better world. Why would I want to murder someone like that?"

Finally, I turned to Miss Manners and said she seemed an optimistic soul. She smiled and said: "I hope to have everything straightened out in a few years."

What about Mrs Martin? Is she equally optimistic?

"Yes, yes, I could not go on doing this if I did not believe that we were making some progress."

Nasty, Ugly and very British

Nigel Spivey

ST. PETERSBURG is back again. To the vodka-soaked inhabitants of that city, the loss of Leningrad is probably worth little more than a shrug, and their grandparents probably shed few tears (by Slav standards) over Petrograd's eclipse. But it is an exemplary action. As the architect Richard Rogers likes to say, we live in an age where change is the only constant. This justifies the probability that his buildings will fall down or be dismantled within a century; equally it justifies flexibility of denomination. But the British are prisoners of nostalgia, and hate name-changing almost as much as they hate modern architecture.

Shame. Apart from providing employment to cartographers, changing place-names is a useful range of shifting ideologies. We ought to contemplate such changes with enthusiasm, not horror.

How is it, for example, that the town of Baldock has been allowed to survive the Gulf War? The Knights Templars who originally tried to create a second Baghdad in Hertfordshire - using the Old French rendering Baldac - had honourable reasons for doing so, but those reasons are quite outmoded now. And so long as Saddam is there, scheming to bring down Western Civilisation with all the caricature villainy of some Ian Fleming creation, it seems to me palpably offensive to have an English Baghdad.

I have been thinking of new names for it, and would be glad to know if anyone can improve on Schwarzkopfburg (a Teutonic mouthful) or Ashby-de-la-Villiers (more elegant, ne c'est pas?). These changes can be made. The Welsh have been vigorously trying to expunge Anglo-Saxon appellations for some years, and with some justification, because (as we all know) those Anglo Saxons were a foul-mouthed lot, and admitted little imagination in naming the pig-sties in which they swilled and swore.

Hence Swindon is simply "hill of swine". Now I know that some people have strong feelings about Swindon, but it is the fastest-growing town in Britain, and silicon chips have long displaced the hogs. It plainly needs a new name. The choice is obvious: in honour of Swindon's most glorious daughter - to whom a very pleasing statue already exists - it ought to be Doraville. Plenty of people would describe Diana Dors as a goddess, and she would make an admirable presiding genius over a forward-thinking *polis* like Swindon.

Our nostalgia is compounded by modesty. We could learn from the Americans. They probably already have Schwarzkopfburg; after all, there is hardly a state without its Jackson or Jacksonville.

Americans have no qualms about calling a town Defiance, or Frostproof (in Florida, of course), and I like the sheer optimism of naming your home town as Paradise, or Nirvana, or Pleasantville.

Why do we Brits put up with our Pratt's Bottom, our Muck and our Piddle? So many respectable and lively alternatives offer themselves. I would be very happy to live in a village called Linford St Christie.

and in fact I strongly expect the next great black sprinter from Harlingey - he called Milton Keynes - bringing fresh kudos to that already distinguished name Gladstone Small (all right: Gladstone Parva) would be a village with a marvellous Women's Institute, cricket green, etc; and Winston Churchill has just as good a resonance to it as Budleigh Salterton.

The people who live in Ugly (Besser) ought to be revolting. And if those who live in Nasty (Herts) cannot bring themselves to change the name of their village, surely they could at least get it twinned with Nice?

We all know that there are names which really do their job. They conjure up, perfectly, the concept or object to which they refer. I have never been to Budleigh Salterton, but if you cannot get a magnificent cream tea in Budleigh Salterton, I should be very surprised.

And this resonance of appellation works equally well for personal names. I mean, how can a captain of the England

rugby team not be called Will Carling? Doesn't his name give you the Boy's Own jaw, the tousled hair, the public school bravado?

"It was three minutes from the final whistle. The Aussies seemed to have victory in the bag, and they were piling on the pressure. As they were about to kick the ball, Will Carling gave a punt not to his fly-half. That nod said: 'Rob. I'm going through.' And as the ball rocketed into his capacious hands, Will was already charging through, solo, flicking aside his tacklers like a colossus."

Again, the Americans do this better: any man who calls himself Spiro Agnew, or Caspar Weinberger, is worth noting for there is poetry in those names, which is more than you can say for the blunt claims to power implicit in John Major or David Steel.

One yearns for the promise of pomposity on a ballot paper: a Podsnap, a Snodgrass, a Bumble or a Rumpole. . . . Or at least some name that can be readily warped. Did you know that when he plays in the Indian subcontinent, Ian Botham is widely - and quite innocently - known as "Iron Bottom"?

Such thoughts inevitably bring me to the problem of my own name. Spivey, I was once told, has roots in Old Norse. Nothing wrong with that: except that it is reckoned to be the gamiest of names, and since neither I nor any of my immediate ancestors have ever stolen so much as a Biro from the bank, this seems an aspersion we can reasonably discard. As it stands, it is hardly a name which gives you the gimlet-eyed, razor-sharp author of this column.

I can be thankful my mother ditched an early admirer of hers called Bosworth; and grateful too that the Ramsbottom side of our family never asserted itself much beyond an aunt or two in the likeliest areas. But it would be to have a by-line that it really reckon with something as coarse as Waugh, or trenchant as Piller. Reach me a deed poll: and stand by for next week's column: by Mr Leighton Buzzard.

■ Continued from Page 1

Asian fellows, semi-literate.

An even more recent discovery is that "flourishing" real estate in the big cities has meant mainly office skyscrapers and luxury high-rise apartment buildings. Within mocking distance of these are the open lots or scrubby bits of park where the homeless huddle and the drug pushers bargain.

Meanwhile, two generations of middle class families who might have spent their lives in low-cost housing estates find that to afford "affordable" housing requires two hefty salaries.

The popular inference is that the politicians are not "doing anything about it." In fact, the Congress and the state and city legislatures have passed, and are passing, reams of bills that address the needs of people who until the second half of this century have rarely been considered as deserving dependents of the state: disabled people, juveniles, the deaf, the retarded, babies of single parents, homosexuals, the mentally ill, working fathers, pregnant office workers. Certainly, Americans over 65 - rich or poor - with their paid medical bills and their monthly social security cheques, have, as the saying goes, never had it so good.

This concern for every sort of human condition is true of all, or most, of the countries of the West.

But to Americans born since the Second World War, these services are never enough.

The halls of Congress are crowded with boisterous lobbyists demanding that more must be done for the young, the students, the women priests, the ailing trade unions, the armed force veterans, the "committed" gay couples, the victims of Aids, etc, etc. All these pleas and proposals, all the projected bills, have one thing in common: they cost money that nobody - the city council, the state legislature, the Congress - appears to have.

Of course, it is true that the social services, in every western nation, have gone far beyond anything provided or anticipated before the Second World War. In the US, they have come to represent a whacking, irreducible - and probably unaffordable - percentage of the national budget. Yet, Americans - confronted with the similar European story - ask: why aren't they insolvent? How about their deficit?

Well, after ten years of hearing about the bogeyman of the deficit, I sense that ordinary people are beginning to believe that in some hidden and sinister way it does relate to the deprivations of their lives, in spite of the assurances of a respectable school of economists that the deficit is nothing to worry about.

The director of the Office of Management and Budget blithely remarked the other week, in the face of a deficit steadily outstripping the administration's annual estimate, that the deficit would be wiped out in another two years or so, and the national debt would be redeemed by about 1997. Nobody asked him if this would be true should the Japanese cease paying the monthly interest.

However, I believe the feeling is epidemic across the country that daily life, in every sort and size of community, is getting more squalid, expensive and dangerous, and that the US is going or has gone over the peak of what the Spenglers and Toynbees would call its "maturity." With no pleasure at all, I mention one or two cultural symptoms that, to me, hammer home this conviction: the abuse of liberty - through the far-flung and preposterous exploitation of the First Amendment to sanction any form of conduct; the failure of the courts, including the Supreme one, to define and constrain obscenity; a steep decline in public manners; the slyness in the arts of Gibbon's famous stricture: "freakishness masquerading as originality, enthusiasm pretending to vitality."

So what is the likely outcome, if we ever achieve a day, a season, which can be seen as an historical turning point? There appear to me

to be three possibilities. 1. The second American Civil War, triggered by separate ethnic and regional rivalries. 2. The arrival of a populist dictator (under, as Burke predicted, the banner of liberty). 3. An emergency return to the benevolent form of national socialism created by Franklin Roosevelt in the first New Deal.

I believe some such dramatic outcome is more likely to happen today because of satellite broadcasting. Whereas, in 1917, the Russian revolutionaries grabbed the press and reported that all was going swimmingly, in August 1991 even idlers in 82 nations could see, on the CNN television channel that things were going very badly indeed for the conspirators. Today, millions of householders around the world can see and hear protests, rebellions, coups, outrages, that until very recently could always be authoritatively suppressed.

So I have been moved to answer the question I had sworn never to respond to: whether America? Nevertheless, at the obvious risk of being wrong three times (and I devoutly hope I shall be), these three seem to me to be the real possibilities if the social dangers, deprivations and frustrations I have mentioned cannot be placated by the present political system and become too much for most Americans to bear.



Two faces of America: the country risks foundering under the weight of its social problems

SECTION III

PROPERTY

Bargains in a weak market

The financing crash in the US has created new investment business, says John Brennan

THE US residential market has provided the backdrop for the greatest property financing crash of all time. Multi-centre housing markets have been hit by a nationwide fall in house prices; home buyers and renters have been suffering the effects of an on-off domestic recession that, according to the latest figures from the Federal Reserve, has reduced new personal wealth by nearly 6 per cent - at a time when personal debt levels continue to grow at an annual rate of just under 10 per cent.

In any less generously endowed nation, such recessionary signals would be reasons enough for a dismal, and sadly familiar, tale of repossessions and collapse. In the US, every downturn is treated as an opportunity. Where else could the collapse of more than 700 Savings and Loan institutions provide the basis for an entire new investment marketplace in "busted thrifts"?

Those lenders that have been forced to close their doors since the Financial Institutions Reform and Enforcement Act cracked down on over-enthusiastic lenders are expected to cost the US Treasury as much as \$200bn. The cost of bailing out those government-backed and profoundly ill-named "thrifts" counterbalances the hoped-for peace dividend, as far as the US government's financing requirements are concerned, until the mid-1990s.

Before the Federal Savings and Loan Insurance Corporation had fixed the padlocks on the office doors of failed mortgage lenders, investment management groups were organising seminars to promote the exciting new market in acquisitions of insolvent trusts.

It is much the same story for property assets held by these less regulated, but rough equivalents of the UK's building societies. The great property crash has left a multi-billion dollar overhang of properties under the control of the

Resolution Trust Corporation, the government authority which has the task of liquidating the failed thrifts' assets over the next few years. Among the half-completed resort schemes, the commercial real estate ventures and the land holdings of the thrift groups, are hundreds of thousands of repossessed homes and residential developments, ranging from condominium blocks to entire suburban housing estates.

The Resolution Trust makes individual properties available for sale initially, enabling occupiers to bid for their buildings. After that, properties are grouped into larger blocks for investor sales. Despite this great overhang surplus of real estate, the US residential market ploughs on, not so much regardless, but with the irresistible momentum of changes and moves within a housing

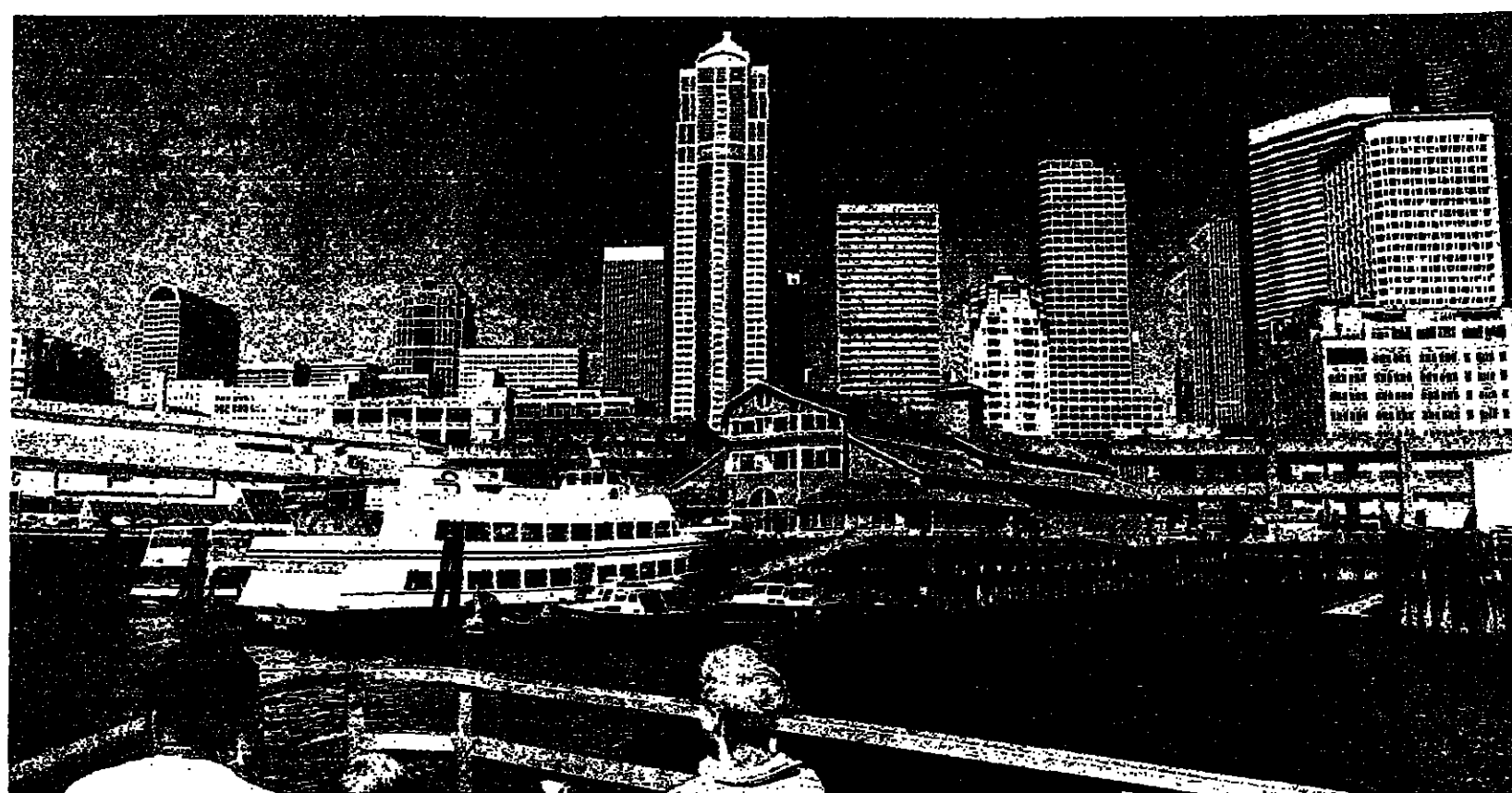
renting, particularly among new households and older "traders down".

Rural housing helps increase the US owner occupation average to 73 per cent, but in the main metropolitan markets the balance is nearer 60:40, with roughly two-thirds of rental units being privately owned. Various estimates of the impact of the collapse of the Savings and Loan groups suggest that 250,000 to 300,000 home purchases a year have been switched into the rental sector since the late 1980s.

That is reason enough for the irrepressible US investment houses to have been selling rentals as a blue chip holding - regardless of past overbuilding which took rental vacancy rates up from their rolling average of 5 to 7 per cent to well above 10 per cent from 1986 until 1990. Developers' statistics show that, last year, 66 per cent of all new-built apartments were successfully rented within three months of completion.

Rental vacancy rates, which have accurately mirrored the shift to renting and which peaked at nearly 12 per cent at the height of the home lending market in the first quarter of 1988, have since fallen progressively. Voids - empty rental homes - began the year at 8.9 per cent of all private rental properties (representing some 2.9m flats and houses).

This is seen as a sufficiently positive indicator for real estate counsellors such as the Landauer group to comment that "growing renter demand... constrained lending and flat prices is obviously an unstable situation that will not last indefinitely. But it will remain operative for the next twelve months and represents one of the most unusual opportunities available for the real estate investor in 1991. If we are correct about the cost-push inflation which will impact apartment investments by the mid-nineties, this year may prove one of the historically opportune times to be a buyer



Home from home: Seattle, the closest US city to Tokyo, has moved up the list of first-choice locations for new Asian arrivals

of this property category."

Who is buying?

Inevitably, domestic buyers account for the bulk of residential purchases for own-use and investment purposes. The tax reforms of the 1980s ended many of the post-war tax concessions which attracted syndicates of high-earning professionals into the condominium development for investment

rentals, and which ensured that almost every conversation with American doctors or dentists included some reference to a real estate deal. Now, the main residual tax breaks are limited to owner-occupiers' allowable deductions for loan interest. Those changes drove many private residential investment companies away from the market and created a glut of "sun belt" apartment properties, built more with tax savings, rather than local market demand, in mind.

The consequent supply of bargain properties, especially along the Florida coast, has stimulated the second home market among the 10m "snowbird" seasonal visitors who head for the sunshine state. But since Florida's resident population is increasing at the rate of 25,000 a month - a growth that is forecast to continue until at least the mid-nineties - even the cavity left

by the investor-dentists as they traded out of their investment syndicates has been slowly but steadily filling up.

Another important source of residential investment comes from overseas. The US has always attracted more than its share of inward investment and permanent inward migration. In recent years it has topped the international shopping list for Japanese investors. According to the real estate brokers at Kenneth Leventhal & Company, a steadily rising proportion of the \$15bn a year Japanese investment in US real estate has been directed towards the residential rentals market. Much of this has been in the form of construction and development companies' investment in initiating, or more commonly, joining in as the financial partners with a local developer in new housing schemes. Although office and other traditional commercial property investments continue to draw most yen investments in the US, residential and mixed-use properties have each grown to represent around 15 per cent of their total property holdings.

The US also attracts a disproportionate share of "flight capital". Unofficial estimates suggest that as much as \$500m of Saudi Arabian oil wealth

has found a home in the US since the beginning of the 1980s. Mexican flight capital into the US has been calculated at over \$30 billion, while the collapse of the Peacock Throne in Iran brought in more than \$10bn. Funds transferred from South and Central America, other oil-rich Middle Eastern states, the Philippines, Taiwan, Singapore and from wealthy Hong Kong families preparing for a possible move in 1997, probably totals more than \$50bn.

Between 1920 and 1984, no less than 51,950,000 people emigrated to the United States. However, since the days when immigrant boats unloaded a good proportion of the population of Ireland and central Europe, citizenship regulations have become ever tighter. Around a quarter of a million people file for citizenship each year, and around 175,000 certificates are issued. For most of the wealthier new Americans, home-buying and residential investment top the list of priorities. A new US immigration scheme that comes into force this month clarifies existing regulations about who fits the bill as a new American. "Bill" is an appropriate term, since the rules are expected to allow entrepreneurs to win residency rights if they invest between

\$250,000 and \$3m in a commercial enterprise.

The world's wealthy have always been able to find sufficient business interests enough to cut through the immigration red tape. Down the scale, would-be immigrants with no claim on citizenship through family connections have long had the opportunity to show that their arrival would bring fresh investment, create additional jobs, or be of general benefit to the community and the national economy. By helping to define the required level of investment, the proposed new immigration rules are already being taken as an investment argument for buying mixed-use shop and residential properties.

This has translated into strong interest among Hong Kong buyers in shop properties with residential apartments for rent above in New York's China Town. Returns of 12 to 15 per cent on investments of less than \$1m are recorded for the typically, six to eight storey older shop and apartment blocks in New York. Richer newcomers, who are able to make their commercial investment wherever they please, have been attracted by the near 25 per cent drop from

peak 1988 values of prime central area homes in New York. And while the "Big Apple" remains the first port of call for most investors, it is to the West Coast that the new Asian arrivals increasingly look as a home from home.

In recent years the American border of the high-growth areas of the Pacific Rim has been the main motor of economic growth. The port cities of San Diego, Los Angeles, and San Francisco have each attracted a rising tide of Asian investment over the past ten years. By the beginning of the 1990s, for example, San Francisco had moved to the top of the US urban housing price league; prices in Los Angeles and San Diego were topped only by those in central New York.

Homeowners in San Francisco and Los Angeles started to look north to Seattle when the price surge was at its peak. Local agents found that these incomers regarded all homes in the city as bargains at the time and local prices soared. Since then, Seattle has been as sharply affected by the housing set-backs as anywhere.

However, Seattle is the closest US city to Tokyo, and has moved up the list of first choice locations for incoming Hong Kong buyers.

There has been strong interest from Hong Kong in New York properties

stock of 85m homes. US builders are on course to complete around 1.2m houses and apartments this year. That is 7 per cent down on the 1990 total, but it still adds up to 23,100 new residential units a week.

Existing owner-occupied home sales are expected to dip too, falling to below 3.4m for the year. But, on a similar weekly figure, that means 65,400 home sales a week. Again in broad terms, the National Association of Realtors estimates that the average sale price this year will be around \$97,000. However, with the sharp contraction in the number of mortgage lenders in recent years, there is expected to be a continuation of the past two years' shift from buying to

renting, particularly among new households and older "traders down".

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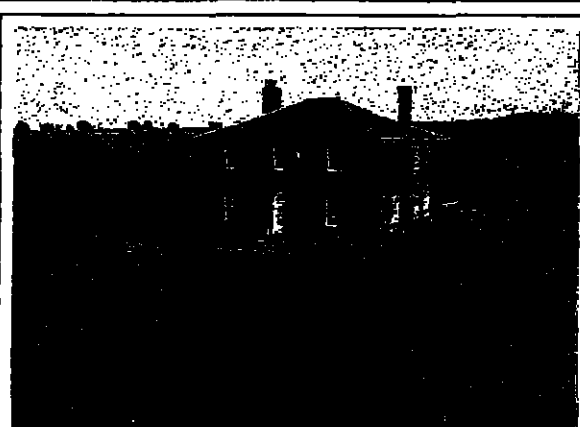


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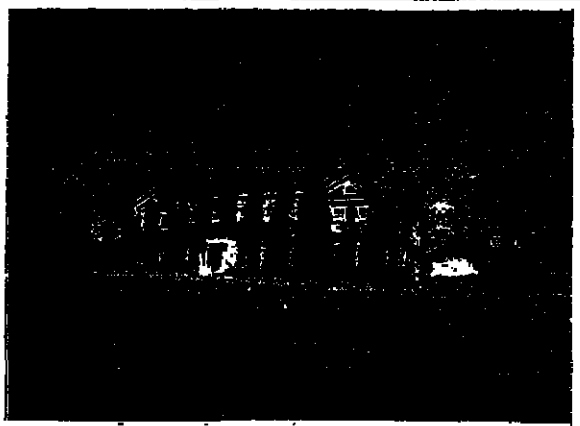
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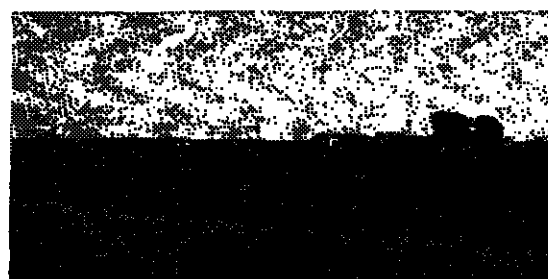
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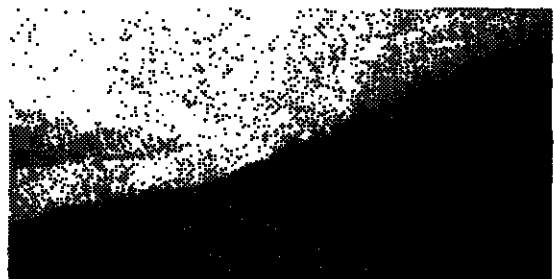
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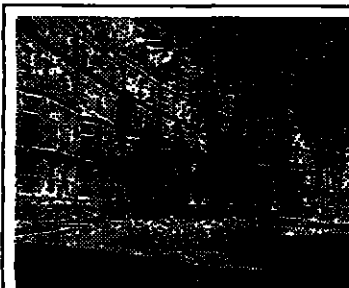
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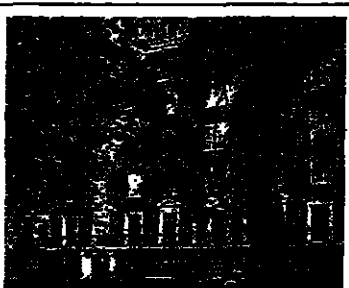
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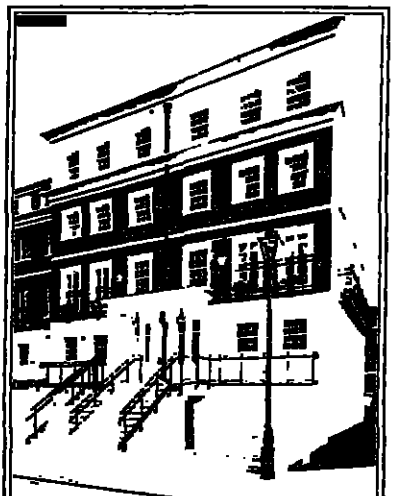
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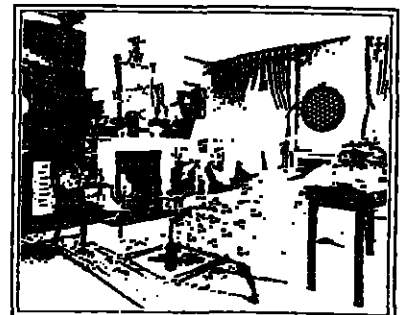


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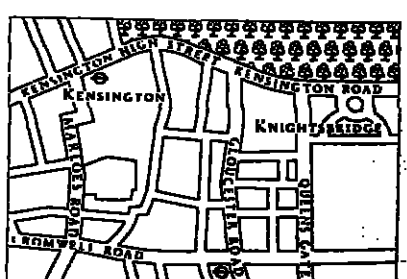
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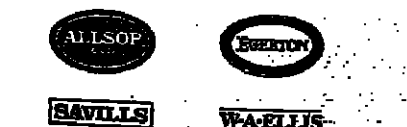
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GARDENING

Land of the giants (onions, that is)

AMERICANS have the best magnolias and their ceanothus grows wild by the mile in those parts of California which are never spoiled by frost. Their wild penstemons are potentially marvellous and the wonder of their half-hardy mimulus has still to hit us fully in Britain.

However, they also call their gardens "yards": they breed day lilies in ever beattier shades of orange and they have just pioneered the ultimate onion, it weighs in at more than 4lbs.

"No more bites of just bread," say its seedpeople down in South Dakota, "extra large slices will easily cover the bun, even on a quarter-pound burger. You get onion, onion every time."

Can these people really garden, or are they spectators at a breeders' space-race which has ruined snapdragons and created a rose called Dolly Parton?

There has to be something out there, not least because the taste of particular Americans has made such a mark on the best of British gardening. I think of the Cotswold gardeners at the turn of the century, Lawrence Johnston at Hidcote or Nancy Lancaster, the genius of Haseley Court with its Virginia garden of box-edges and wonderfully stylish use of plants. Perhaps these gardeners in high society were exceptions on the run: what, though, were they running from, and what, if anything, did they owe to it?

Five years ago, I began to find out. I had to update one of my garden books and take the best of American nurseries into its scope. I took good advice and was highly impressed by the lists from which keen American gardeners could choose.

The handsome issues of *Pacific Horticulture* taught me more about Lewis than most of England has forgotten and put me in touch with a delightful book, *Gems of the Prairie*, in which an 80-year-old prairie gardener describes his success with rare alpine flowers. I found unfamiliar stars in great families, like the blue-flowered clematis Mrs Erastus Corning III. I was reminded that the

loveliest wild clematis of all grows within sight of Dallas, the texensis form whose flowers look like half-open pink tissues.

With these treasures to hand, why are not more Americans better gardeners, plundering the best of Britain's ideas? One obvious reason is the climate. Most of the zones are too hot, too dry and too harsh in winter. The Bible Belt is the usual nightmare and in the sweeter parts of Carolina, fireweed runs everywhere, invading whatever gardeners try to grow beneath the trees.

It is not just a matter of weather. Despite it, there is a charmed minority and a select Garden Club of America which outsiders describe as snobbish. The centres of botanical research and pleasure borders and the taste for "unbounded democratic rivers of manicured grass" which they share with Republicans and suburban communities.

**Robin Lane Fox
sees why the best
US gardeners
garden in exile**

something else. I begin to understand it from a memorable book which is hitting the heights with American readers: *Second Nature*, by Michael Pollan, published by Atlantic Monthly Press.

Pollan is an editor at *Harpers* magazine and is an obvious heir to an earlier classic, Katherine White's *Onward and Upward in the Garden* and the more recent by Eleanor Perenyi, *Green Thoughts*. His first chapter gives a marvellous account of the gardens of his youth, which deserves to be in any anthology, and immortalises a property-minded grandfather, a father who hates mowing and the American suburbs, which are fonder of lawns than of Jews.

I doubt if he will earn an English edition. It is not just that he dares to wonder if rose expert Graham Thomas has a sexual hang-up about old-fashioned roses. His book tails away into conventional themes of thoughtful Americans who also have gardens: does "green thumb"

exist? What the hell are catalogues trying to put over? It is almost no help about gardening, placing or choosing any plants. It is, however, extremely witty and well informed. Like autumn fruit in Maine, Pollan is prone to woolly patches, but then the mist clears and he entrances you with a sharp reflection.

Pollan puts the problem very simply: American gardening runs up against profound moral and political barriers. "It is not easy to design yourself a beautiful garden when you have moralists, Puritans, Democratic Republicans and even plants' rights proponents looking over your shoulder."

Puritans do not garden for aesthetic pleasure. Pollan is marvellous on their hatred of fences and pleasure borders and the taste for "unbounded democratic rivers of manicured grass" which they share with Republicans and suburban communities.

Front gardens cannot have privacy because they are part of a community. The neighbours cannot bear drop-outs, non-mowers, non-composters or people like Pollan's father who had the wonderful nerve to leave his lawn unmown in suburbia and merely cut his own initials, once, in its shaggy mass.

Pollan is extremely acute about the Puritan legacy, the problem of class and the hatred of privacy in the front of someone else's house. The ideal is not a formal flower-bed but a green lawn, 50,000 miles of it. "Lawns are nature purged of sex and death. No wonder Americans like them so much."

I begin to see why the best American gardeners have gardened in exile and become more European than Europeans themselves. At home, there are deep roots going in a non-Hidcote direction and conspiring with the climate to make gardens into yards, not works of art.

Nature is either a wilderness or a potential lawn. Enlarge your onions, know your sword, fiddle with the gadgets on the automatic watering systems but never open yourself to the gentle boundary between art and nature on which sensitive gardening for pleasure is born.



Daniel Perez: bringing the countryside into the centre of New York

An All-American corny story from the inner city

ON BROADWAY, a hundred-and-some blocks north of the tourist traps of Times Square, Daniel Perez grows corn, writes Glyn Gwin. The patch of dirt that divides the north and south

side of the street is meant to be a miniature park but, neglected by the city authorities, it became a rubbish dump and shelter for Manhattan's homeless - until Perez, a 51-year-old immigrant from the

Dominican Republic, started tending his unlikely plantation. He says that he is growing the corn "because it looks so beautiful." Neighbours in the immigrant area knew of his urban market

garden. They cooked the black beans he harvested in spring and summer, together with tomatoes and garlic, in traditional recipes. But the corn caused some trouble when the stalks grew to 6 ft. A parks

department worker threatened him with a summons. Perez, who lives alone in a basement apartment, now hopes that the authorities will not destroy the "beautiful corn, which reminds me of home."

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PROPERTY

Not in my (Berkshire) backyard

Self-proclaimed Nimby Tom Fort is glad that creeping urbanisation will not spoil his view

THE CREEPING suburbanisation of south east England owes far more to good than criminal intentions. Developers have done their best by their employees and shareholders. Planning officers have followed the guidelines. Their council masters have done what their masters in Westminster and Whitehall have told them, which is what many of them appear to think they are there for. And people have bought the houses.

So, when we contemplate luxury village-style developments of executive-style five-bedroom houses with double garages nestled in tree-studded cul-de-sacs, we are not seeing state planning imposed on a defenceless population through an alliance of corrupt developer, complacent local authority and unscrupulous government. It may be a muddle, a mess, an eyesore. But it is consensus.

Take my own county, Berkshire, blessed among developers. In the past 30 years something like 150,000 new houses have arisen here. Slough is nearly as big as it can be given the constraints of the surrounding Green Belt. Reading has acquired, amid much else, the celebrated township of Lower Earley, clamped like a growth to its southern belly. Bracknell has burst forth from nothing. The old county town of Newbury has almost disappeared among its satellite estates. Thatcham has been engulfed. Wokingham suffocated. Windsor and Maidenhead overrun. Berkshire, you might think, has done its bit.

Not so. The county council is now completing its Draft Structure Plan - its blueprint for the next 15 years. The council is already under instruction from on high to provide for the building of about 45,000 new houses in that period. Daringly, Berkshire will tell the government that this is 4,000 too many. A period of haggling will follow, and a figure will become policy.

At first sight, it all looks so moderate. An annual house building rate which rose to 6,000 a few years ago will come down by half. Half the New Age of Environmental Awareness! Unfortunately, Berkshire is rather a small county, 60 per



Village life: but are planners destroying what they seek most to protect?

cent of which is already out of bounds to developers by virtue of being either Green Belt or an area of Outstanding Natural Beauty. A goodly proportion of what is left is already under bricks and mortar. So where are the 40,000 or so units to go? The council's prescription is: where they have always gone. Newbury will be further swamped. Reading will swell. Slough will reach bursting point. Bracknell and Wokingham will reach out for each other.

The council did look at one departure from this well-trodden path. Back in the 1980s, when Nicholas Ridley, then Environment Secretary, was tramping on old-fashioned notions of protecting the countryside, he indicated that he would look favourably on a development in the fields across the M4 from Reading. The developers promptly produced an appropriately horrible integrated scheme. Public outrage was ignited; the coun-

cil threw up its hands in horror. Ridley beat a retreat.

However, the notion has been kept alive. This year, the council included in its consultation proposals the option of allowing a free-standing new settlement of up to 5,000 new houses south of the M4. The predictable explosion of sound and fury having greeted this gambit, the Conservatives who control the council announced that it would be better to jam the houses on to Reading's shrinking inheritance of green fields. But the hint will not have been lost on the construction companies, who know how easily today's discarded option becomes tomorrow's bonanza.

In this sorry tale, figures may tell only part of the story. There is, for example, the theory question of the look of the houses. For as long as I can remember, councils have been obsessed by the grail of low density, to the exclusion of any interest in design.

The consequence has been

the rise of the executive-style house - the four- or five-bedroom mansion with attendant double garage. As Clive Aslet has pointed out in his first-rate book, *Countryblast*, these developments have had a disastrous impact on the villages in which they were deemed to constitute acceptable infilling.

Without debating the aesthetics of dung-coloured window-frames, concrete tiles, up-and-over garages, Tudor-bethan beams and the rest of it, it is evident that such houses - scattered like a child's bricks around the obligatory open space - are grossly out of proportion in the traditional English village. They inevitably destroy the very dream they were designed to fulfil - of village life for the perpetuating executive.

Extraordinarily, there is already enough land in Berkshire with planning permission, or designated for building, to provide 30,000 houses at existing density rates. Were

the council, or the government, to decide that this land could - no, must - be developed at a greater density, there would be no need to find additional land.

To do so would mean small houses, flats even; terraces, squares, people living like they used to. It is, of course, unthinkable. Too many cherished principles would be overturned. It would require courage, vision, imagination; and a decision that the care of the countryside is too important to be left to cliques of local politicians and company carrels.

There is an alternative: simply to announce that untrained growth can no longer be promoted; that after the existing supply of land is used up, the squeeze will be applied. If ever there was a time for such a change to be examined, it is surely in a recession.

Developers have gone bust, leaving new estates abandoned. The housing market is becalmed and the business parks stand half-empty. Berk-

shire County Council, however, prefers to call all this a downturn in activity. In thinking only of the day when everything will be as it was before, it apes the government which directs these matters.

Is it imaginable that any government would ever dare to constrain growth to avoid offending the sensibilities of the suburbanised shires? Twenty years ago Peter Walker - in charge of the newly-created Department of the Environment - said, memorably: "The environment is, in a very real sense, what we make of it." Ten years later Michael Heseltine, in the same job, was cajoling and threatening Berkshire into accepting an extra 8,000 houses, in the name of growth. Since then secretaries of state have come and gone - and Heseltine, now twisting his new green cape, has returned. But, although the wrapping around the philosophy has been discarded and replaced more times than one cares to remember, the writing on the stone is the same.

The fields below my house were included in the search area when Berkshire County Council aired the possibility of promoting its free-standing settlement across the M4 from Reading. Now they are relieved, for which I am duly thankful.

The houses which might have intruded on my view will, instead, be spread across the Kennet Valley along the south-west of Reading. Visually, I suppose there is nothing very special about the area. There are some scrubby pastures and thickly wooded areas, a mass of gravel workings, dismally neglected by the companies now poised for their planning permission; the river, the Kennet and Avon Canal, a stream; a lot of trees. I saw a kingfisher there the other afternoon.

The council proclaims that the existing environmental and recreation features will be integrated with the development. We all know what that means. It is hard luck on me. I will be able to continue walking my dog though the cornfields and copest, imagining that I am at least half a countryman. But for how long?


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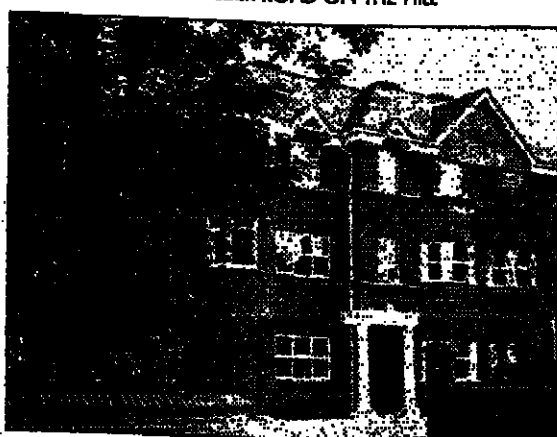
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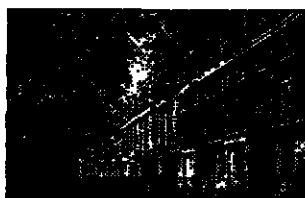
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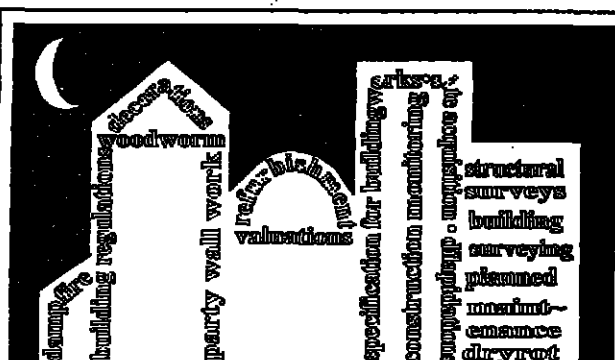


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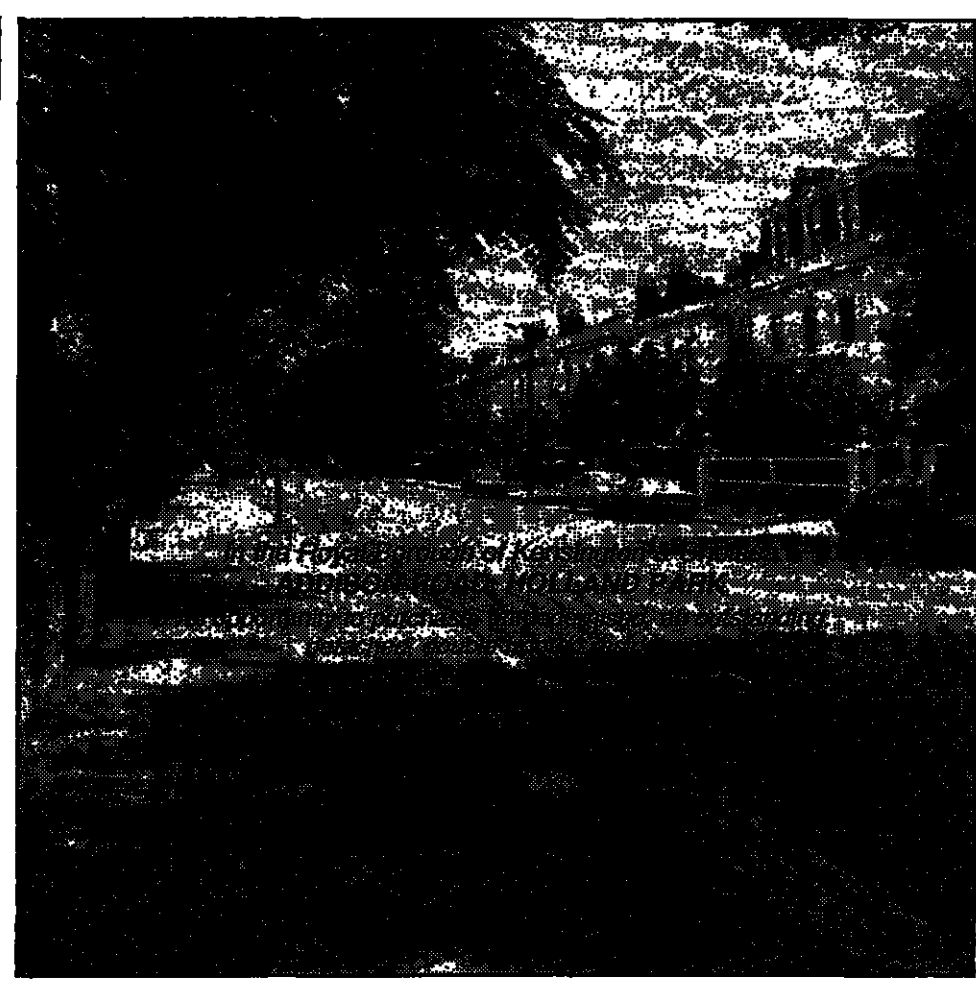
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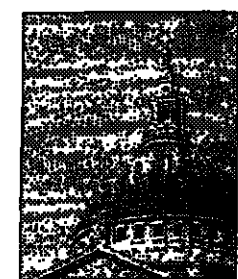
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PROPERTY

All change in the country

John Brennan on the glutted market in commuter homes

THERE IS a village in Berkshire, quiet, picturesque, with a mixture of traditional country and commuter owners. Six of the large houses there are the old manor, a substantial converted farmhouse, the old rectory, and three village-edge homes with generous gardens and paddock space - are on the market.

The reasons for sale range from cash calls on members from Lloyd's of London, business cash-flow problems, age and a consequent wish to trade down to smaller properties, to a bank's insistence that the owner sell or face formal repossession for failure to keep up loan payments.

Three years ago, any one of these country-but-convenient properties would have attracted a swift set of offers and counter-offers at prices from quarter to half a million pounds.

The country agent who told of that village's sudden glut of a top slice of its best homes also confirms that he, and his counterparts in other agencies handling the marketing of the houses, would think themselves lucky if they could find a single genuine buyer willing to make an offer within 25 per cent of those now-historic peak values.

That is the situation today in an area with every advantage in terms of access and the quality of the houses and general location. For the first time in a decade, the choice of coun-

try homes exceeds the demand.

Not that there is any shortage of viewers, or of hopeful movers from town to country. People unable to sell homes in town are unwilling to risk bridging finance to secure their choice in the country. Cash buyers who are not have buying-agency advice have tended to react to the choice by adopting an aggressively bargain-hunting stance. For the most part, their offers are dismissed as unrealistic.

Look further from the concentrated buying power of London or other city

commuters, and the owners of country properties who bought without due reference to travelling times and costs have found that even a viewer without the cash to make a purchase has been a rare, almost welcome sight.

In the up-market sector, more owners are keen to trade down rather than up or across the price ranges. Mid-market owners, unless they need to sell, have merely deferred decisions to market their homes or do so in a speculative way - if anyone is willing to match their asking prices they

will move, but they ignore scavenger bids.

Down market, but above the levels at which organisations such as the Rural Development Commission warn of a rural housing crisis, with an acute and growing shortage of low cost accommodation, a near silent summer has been followed by some encouraging signs of a recovery of more normal trading activity.

Exceptional quality properties trade outside the normal parameters of the rest of the market in the country, as they do in town. For selective buyers with the resources to view the market in a serious way, 1991 has offered a chance to buy at prices not dissimilar to those established before the last surge in price inflation in the late 1980s. For the rest, on both sides of the counter, it has been a year of frustrations.

Attractions of the super-semi

AS THREE-bedroom semi goes 33 Norfolk Road is on the price side - £1.275m to be exact - but then it is in one of the most sought-after roads in St John's Wood, London, not far from the barracks of The King's Troop, RHA (so no shortage of rose fertiliser).

St John's Wood was typical of country areas which were developed as middle-class Victorian families moved away from crowded urban centres: the semi in question is being sold by Lassmans. The semi-detached houses of England have not enjoyed a good press, but they represent almost a third of the housing stock, some 7m homes.

With the exception of some of the grander West End buildings the terraced house was rejected in the 19th century, the Victorians desired detached country homes, or at least homes that appeared to be detached.

Enter the semi-detached villa - a splendidly adorned pair of houses that, from the street, appeared to be one house. Front doors were tucked discreetly at the side, to further the illusion that the occupants lived in one grand house.

Development of the railways gave birth to "the suburbs", separated from town, of course, by open countryside. Suburbia (Suburbium, to some) was perhaps the first, and many of its stuccoed semi-detached classical "villas" can still be seen near the station there. Between the wars countless semis were built as more and more people (even better paid working class families) aspired to buy their own home. These were embellished with decorative bargeboards and finials and, almost without exception, had a large bay window at the front.

Perhaps the most desirable semi in the south is currently on the market through Savills, with Hampton, it is called Dorlin and sits, with its attached but separately-owned cottage, high above Dorking, at Abinger Common.

This grand home was built in 1899 by Lord Lugard, then the Governor General of Rhodesia. Reposing now in the Rhodes Museum in Oxford is the old visitor's book (what a

shame so few people keep them these days), containing such names as Kipling, Churchill, Vaughan Williams (who composed in the summer house there) and Flora Robson, as both child and grown-up.

The cottage next door, much older than Dorlin, was sold back in the 1950s. Dorlin itself was four years in the making, much of the time spent on the great oak doors and elaborate staircase and panelling. The mellow yellow Dorking stone with which the exterior walls were built cannot now be obtained.

This super-semi sits in nearly four acres of gardens, with rhododendrons like trees, surrounded by National Trust woodland, much damaged but not destroyed by the 1987 hurricane.

Dorlin has six bedrooms, plus attics. The reception rooms are large and the entrance hall is exceptionally beautiful. A price of about £495,000 is suggested.

Also close to Dorking is Hopden House, at Hombury St Mary, built for the Wedgwood family in 1873 by Norman Shaw. The bulk of the house, with superb oak carvings and panelling, seven bedrooms and four acres of gardens, with stables and swimming pool, is being offered by Savills for around £495,000.

Back in London, Lassmans has another splendid semi in the shape of 2 Hill Street, Mayfair. It has five bedrooms and a price guide of £1.5m.

A four-bedroom semi-detached Victorian family house in Palace Gardens Terrace, one of Kensington's prettier streets, is being offered for sale by John D. Wood for £1.175m. It was built in 1857 by William Lloyd Edwards.

Rather more is suggested by the same agent for a semi belonging to John Schlesinger, the film director, in Kensington's Victoria Road. It was built between 1841 and 1845 to drawings by the architect John Crake. There are four bedrooms and a small flat plus that all-important London asset, a garage. The price guide is £1.75m.

David Hoppit

A crowded tax haven

Prices are steep on the hillsides of Monaco, reports Audrey Powell

A QUESTION frequently asked, but not answered, is: what will happen to Monaco in the single European market after 1992? (The principality is not an EC member).

Monaco, covering three-quarters of a square mile and thus smaller than the City of London has a population of 33,800, comprising 5,800 citizens and 28,000 "other residents".

Monaco has probably more cars and telephones per head than any other country and surely more security, with the principality supervised by a closed circuit television network linked to central police headquarters.

Why do people choose to live in such a tightly-packed community, wedged between the mountains and the Mediterranean, when there is the seemingly limitless area of France surrounding them on three sides?

The attraction is that, except in the case of some French nationals, there is no income, capital gains or wealth tax, on individuals resident within the independent state.

How do you join this exclusive club of residents who so greatly outnumber the Monegasques? You must have a job there, or be of sufficient financial standing to support your-

self, and have a home there in which you live for at least six months of the year. No doubt these and the other rules may be applied flexibly if your presence would be welcomed. However, you would certainly have to go home-hunting and you would not find a bargain flat in Monaco, either to buy or to lease.

Mounting steeply from the edge of the sea are layers of property development. In buoyant times a company which discovered a space and began a new residential scheme could have sold nearly every apartment before work started. The scarcity of Monaco's land means that even in periods of world recession prices stay at a high level.

Monaco divides into three sectors. There is the old town where the palace is situated, Monte Carlo and the sophisticated district that has grown up around it, and the newest, Fontvieille, some 56 acres of land reclaimed from the sea. This is the costly method by which the principality has added 30 per cent to its size 40 years.

Light industry and the heliport is situated at Fontvieille, seven minutes to Nice airport for about the same fare as a taxi. Near the water is Seaside



A little place by the sea: the densely packed developments around the Monaco seashore fetch a hefty price

Plaza, where development has been taking place for about 17 months on apartments. There are three marble faced blocks of up to 14 floors. In the two with units available there are various choices.

One is split vertically with complete floors - which might make four or five apartments each - being marketed on its sea-facing side. A floor could cost £5m to £6m. The other looks on to a rose garden and is already offered as apart-

ments, with studios from £320,000 and two bedrooms at £888,000.

There are also going to be single properties with their own swimming pools built on top of each block and selling for £7m to £8.5m. First completions are expected in December next year. The developer is Dumez Immobilier Monaco, a joint venture company formed by the French Dumez Immobilier and the Japanese financial group, Tobishima.

London solicitors Osborne (071-485-8811) and Worcester-shire overseas estate agents Mills & Co (0684-93921) are both offering property in this development and have literature available on Monaco's rules for residency. Osborne gives a simple outline, Mills a longer version.

For those who would like still more detail relating to both individuals and companies, international accountants Moore Stephens (London: 071-248-4498, Monaco: 93-30-81-52) has a booklet. Another waterfront project is Le 21 Princesse Grace, in Monte Carlo. This is being built by an Italian company and will comprise 29 apartments on five floors around a swimming pool.

Sotheby's in London (071-493-8080) has five large apartments available there, from about £3m to £6m. Work should be finished by December 1992.

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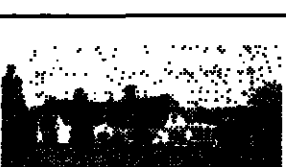
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Freehold for sale by Private Treaty with about 30 acres
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A striking Grade II listed Georgian family home
with views over the River Thames
Reception hall, 4 reception rooms, master bedroom suite with dressing room, guest suite, 4 further bedrooms, 2 bedrooms, kitchen, indoor swimming pool, large loggia, 2 reception rooms, 2 bedrooms, kitchen, bathroom, Coach House, 3 car garage, garden/machinery store, 3 stables, 4 private mooring rights on the River Thames. Attractive mature gardens and grounds of about 6 acres. • Lot 2: Paddock of about 3 acres. Freehold for sale by Private Treaty as a whole or in two lots.

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Stanford 10 miles, Gt. Grimsby 10 miles, Peterborough 18 miles
(BR Kings Cross 50 miles)

A substantial country house in the heart of the Irtham Estate
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In all about 3 1/2 acres
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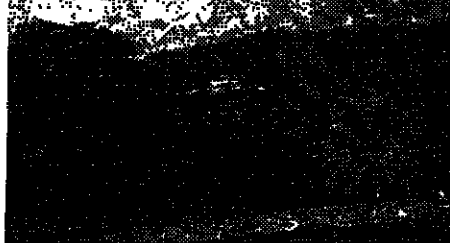
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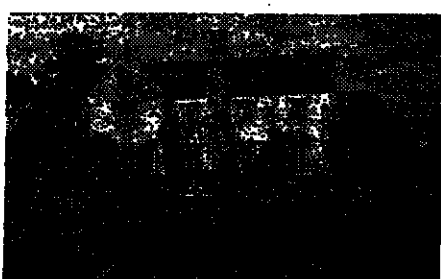
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Sunningdale Office. Tel: (0344) 27555 or Head Office. Tel: 071-493 8222



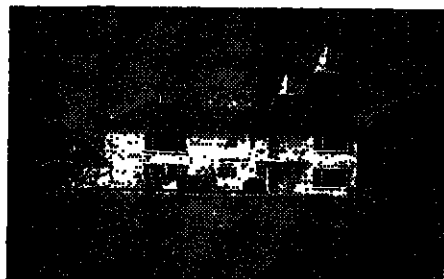
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M25 1 mile, London 21 miles, Hemel Hempstead 16 miles.
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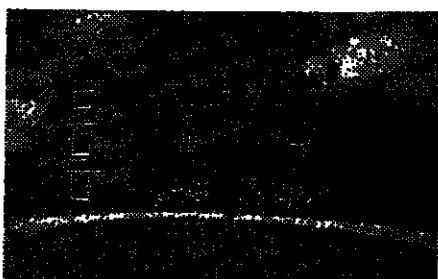
DORSET - NEAR DORCHESTER
Dorchester 8 miles, Yeovil 12 miles.
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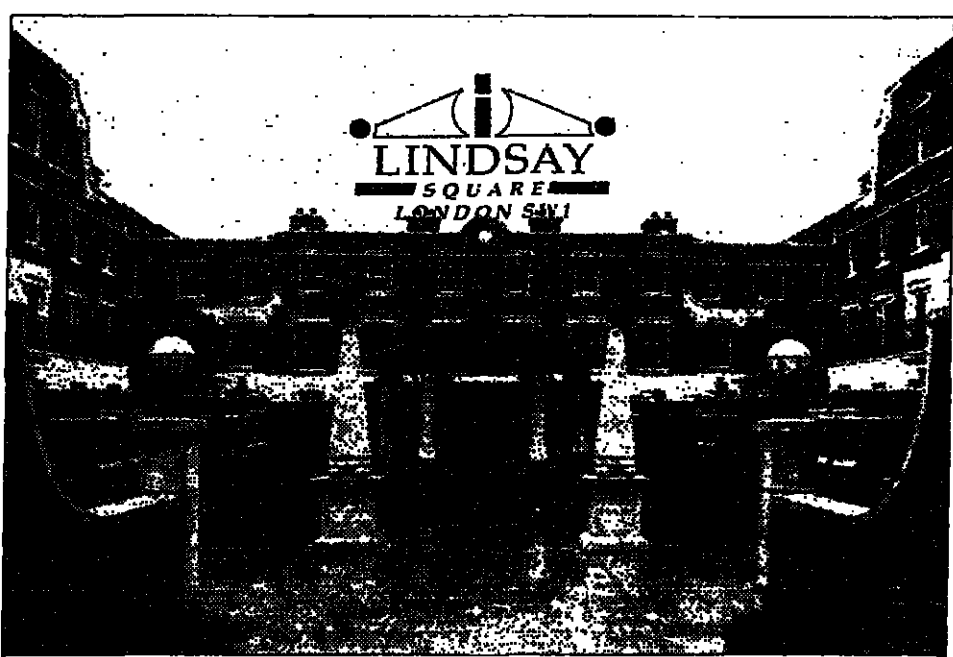


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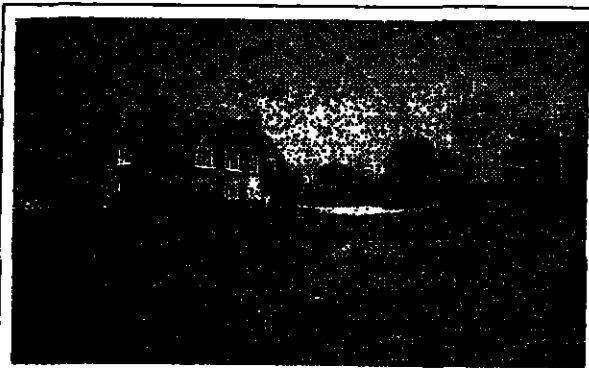
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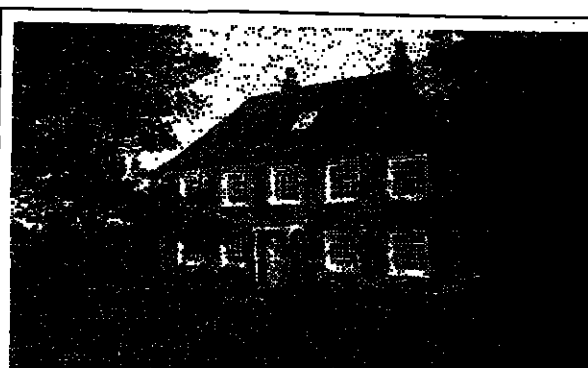
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CLUTTONS



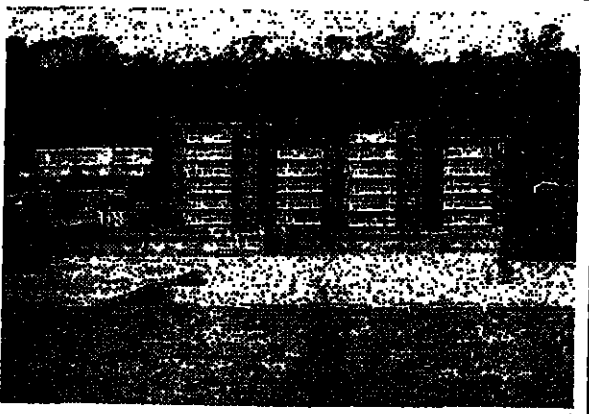
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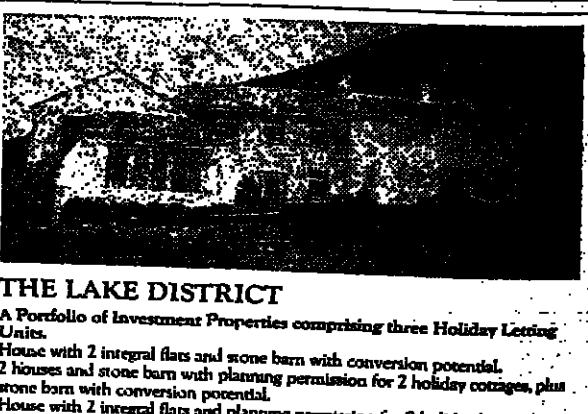
KENT

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KENT - FOLKESTONE

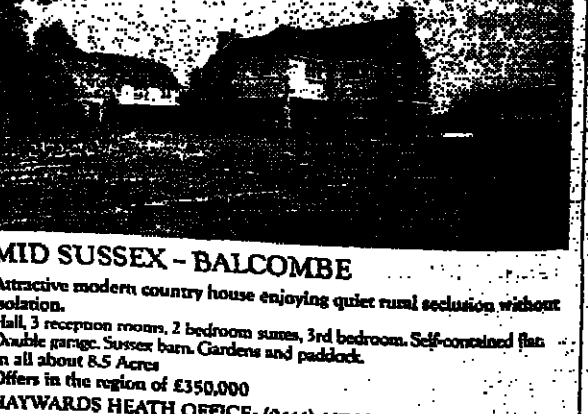
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